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Algeria	6.00	Dia	1.00	Israel	1.00	Norway	4.00	NZ	1.00
Australia	1.00	Italy	1.00	Japan	1.00	Denmark	1.00	Sweden	1.00
Belgium	1.00	France	1.00	South Africa	1.00	Switzerland	1.00	U.S.	1.00
Canada	1.00	Germany	1.00	Taiwan	1.00	U.K.	1.00	West Germany	1.00
Czechoslovakia	1.00	Greece	1.00	Thailand	1.00	Yugoslavia	1.00		
Dominican Republic	1.00	Hong Kong	1.00	U.S.A.	1.00				
Ecuador	1.00	India	1.00						
Finland	1.00	Indonesia	1.00						
France	1.00	Iran	1.00						
Germany	1.00	Italy	1.00						
Greece	1.00	Japan	1.00						
Hong Kong	1.00	South Africa	1.00						
India	1.00	Taiwan	1.00						
Indonesia	1.00	Thailand	1.00						
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Democrats Lay Out Assault on Reagan

Campaign Strategy: Attack President For 'Serving the Interests of the Rich'

By Howell Raines
New York Times Service
WASHINGTON — As President Ronald Reagan opened his campaign for re-election, the Democratic Party's leaders and its presidential candidates are laying out with striking clarity their main line of attack against Mr. Reagan for the coming year.

They plan to depict him as a leader who has betrayed the interests of the average citizens who put him in office.

This theme was sounded in response to Mr. Reagan's declaration of candidacy and his State of the Union address by Speaker Thomas P. O'Neill Jr., former Vice President Walter F. Mondale, the front-running Democratic presidential candidate, and by the other presidential candidates across the party's ideological spectrum.

Liberals and conservatives alike joined in denouncing Mr. Reagan for "abuses of power and privilege," for "doing the bidding of the big corporations," and, in Mr. Mondale's words, "serving wealthy and powerful special interests."

These attacks point up both Mr. Reagan's main success as a politician and his electoral vulnerability as a president seeking re-election.

As a politician, he defined a new "populist conservatism" that drew many middle-income and working-class voters into the Republican column.

But as president, he has compiled a record that seems contrary to the economic interests and foreign policy impulses of many people who voted for him in 1980. This is the origin of the Democrats' common intention to make him answer for that record.

So the main debate of the 1984 election has been joined. Can Mr. Reagan hold together a voting coalition that, on the evidence of the public opinion polls, has been polarized by his policies? No prediction seems possible without some consideration of the unusual qualities and advantages that Mr. Reagan brings to his candidacy.

More than most re-election campaigns, this one seems shadowed by history. By tradition, incumbent presidents do well. Since 1900, four incumbents, William Howard Taft, Herbert Hoover, Gerald R. Ford and Jimmy Carter, failed in attempts to succeed themselves. Five incumbents were re-elected.

Moreover, this campaign year bears similarity to that in which Mr. Reagan's early political role model, Franklin D. Roosevelt, first sought re-election. The election of 1936 brought out the sharpest partisan differences and the deepest class divisions of any election of the century up to that time. Then as now, the split was over economic fairness and the role of government.

In 1984, the incumbent's ideology is reversed, with Mr. Reagan arguing positions opposite to those of Roosevelt. But it also seems fair to observe that the partisan differences are again as sharp as those of 1936 and that Mr. Reagan, the campaigner, brings to this divisive contest political skills that compare favorably to Roosevelt's.

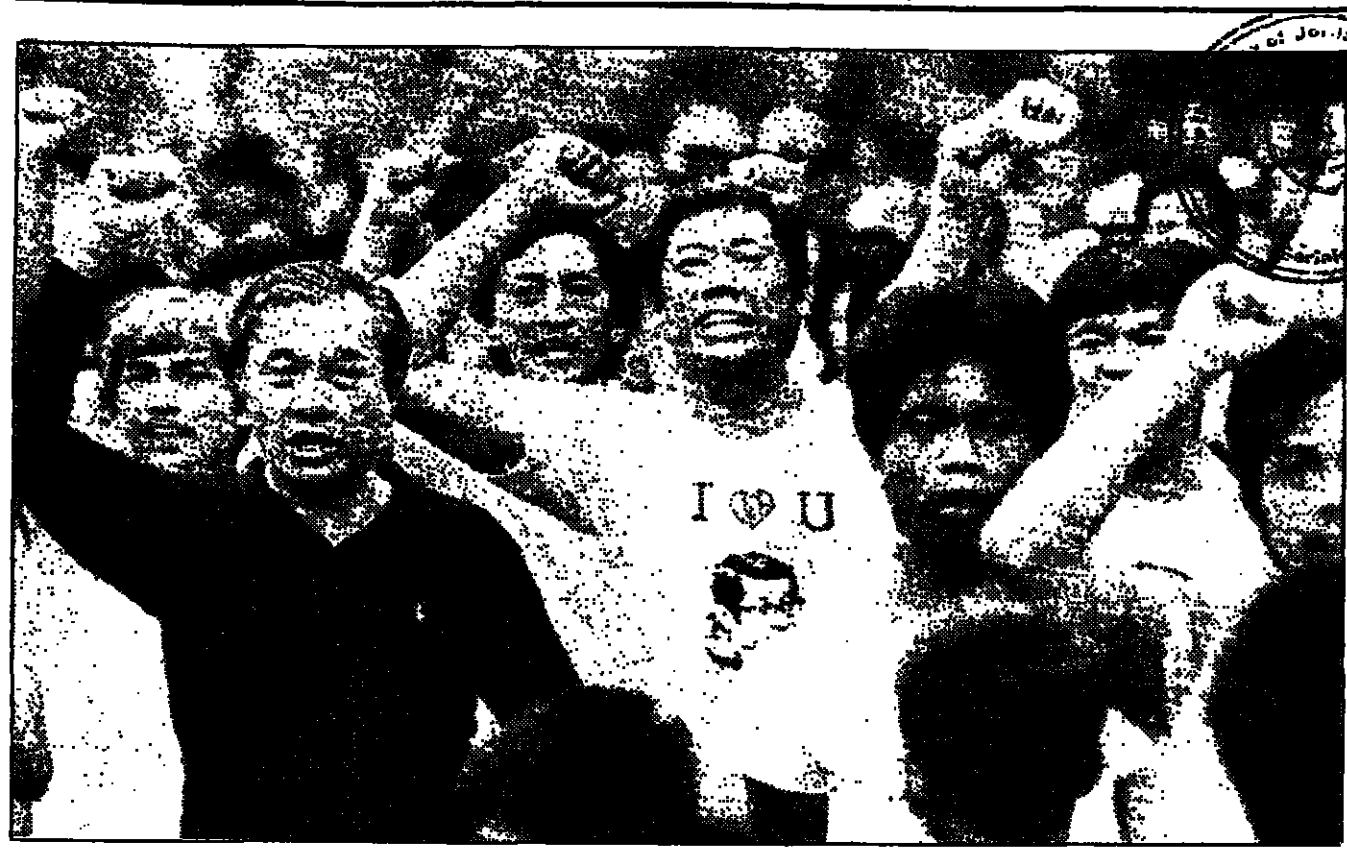
This latter factor lies at the heart of the Republican optimism. It also accounts for the spirit of resignation felt by many Democratic elected officials around the country. In the South and some New England states, in particular, many such officials regard Mr. Reagan as being close to a shoo-in.

Even his detractors acknowledge that Mr. Reagan is a large-scale figure on the political stage at a time when some ardent Democrats confess that their party's potential nominees appear smaller than life. Moreover, Mr. Reagan often seems impervious to criticism. He has shown a remarkably unembarrassed

election has been joined. Can Mr. Reagan hold together a voting coalition that, on the evidence of the public opinion polls, has been polarized by his policies? No prediction seems possible without some consideration of the unusual qualities and advantages that Mr. Reagan brings to his candidacy.

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Agapito Aquino, center with fist clenched, marched Tuesday in Manila with thousands of protesters calling for government reforms. Mr. Aquino is the younger brother of the assassinated opposition leader, Benigno S. Aquino Jr.

Mass Rally in Manila Demands Reforms

Compiled by Our Staff From Dispatches
MANILA — Anti-government protesters Tuesday staged the largest demonstration against the government of President E. Marcos since the funeral of the opposition leader, Benigno S. Aquino Jr., last August. Mr. Aquino's brother, Agapito, told demonstrators that there would be a "march by millions" to paralyze Metro Manila if Mr. Marcos ignored demands for reforms.

The demonstration followed a protest march to Manila by 300 people who had been halted for three days outside the capital by the army. After the march was permitted to proceed, the group mushroomed in size as it moved along a main boulevard. Tens of thousands of marchers tied up traffic and were cheered by thousands of onlookers.

The march had begun as a protest of the national referendum held Friday, which approved a series of reforms of the Philippine Constitution. Soldiers had stopped Tuesday's

South Africans Begin Angolan 'Disengagement'

By Alan Cowell
New York Times Service
JOHANNESBURG — Prime Minister P.W. Botha said Tuesday that South African troops had embarked on a "disengagement" of forces in southern Angola. It remained unclear, however, whether the operation involved an immediate withdrawal from Angola. It has been occupying parts of the former Portuguese colony for more than two years.

Mr. Botha's announcement before Parliament in Cape Town represented a limited, initial success for Chester A. Crocker, the U.S. assistant secretary of state for African affairs. Mr. Crocker last week launched an initiative designed to end the long-simmering war in South-West Africa (Namibia) and effect a Cuban withdrawal from Angola. South Africa runs South-West Africa in defiance of the United Nations and is fighting Angolan-based insurgents from the South-West Africa People's Organization.

In Tanzania the insurgent leader, Sam Nujoma, was quoted by Dar es Salaam radio as dismissing the U.S. initiative as a ploy to solidify South African control of the territory. "The military struggle in Namibia is being intensified," he said.

Mr. Botha made his announcement following talks in Cape Town on Saturday with Mr. Crocker. "I wish now to confirm the Republic of South Africa's decision to begin disengaging its forces in Angola with effect from today," he said. The decision was taken on the basis of assurances delivered by Mr. Crocker, he added, without elaborating.

Western diplomats in Cape Town have said Mr. Crocker had passed on assurances from the Angolan government that the South African operation would be respected. The Marxist regime in Luanda stipulated that it would not make the assurances public, the diplomats said.

Mr. Botha's use of the word "disengagement" seemed deliberately ambiguous. While some Western diplomats have assumed that the term means a withdrawal of troops from Angola, official South African statements have spoken only of a disengagement.

At a news conference after his parliamentary announcement, Mr. Botha said South Africa was "preparing steps to have an eventual cease-fire if other parties cooperate." He said the disengagement would include the withdrawal of troops "should there still be some South African forces in Angola."

South African forces initially occupied parts of southern Angola in the course of operations designed to harass the Soviet-armed insurgents led by Mr. Nujoma. On Dec. 15, however, it offered a unilateral "disengagement" lasting for one month, starting Tuesday, provided its adversaries there — Angolans, Cubans and insurgents — did not "exploit" the resultant military situation.

"Necessary steps must and indeed will be taken to ensure that our decision is not exploited at the expense of the security of the inhabitants of South-West Africa," Mr. Botha told Parliament.

The prime minister disclosed that he and Mr. Crocker had held previously unannounced discussions in Cape Town last week with representatives of what are called the "internal parties," political groups that the insurgents refer to as "puppets" of South Africa inside Namibia.

If a choice had to be made between South Africa's interests and those of South-West Africa, Mr. Botha said, he would choose South Africa's. This message, he said, has been given to the "internal parties."

"It is up to the political leaders of South-West Africa to decide what they are going to do and to do so urgently," he said. The inference, Western diplomats said, was that Mr. Botha was urging the squabbling internal groups to present a united front.

Shultz Says He'll Seek \$90 Million In Emergency Food Aid for Africa

By Lexie Verdon
Washington Post Service
WASHINGTON — The Reagan administration, warning that four million to five million people are facing starvation in Africa, is seeking to triple emergency food aid to the continent by requesting an additional \$90-million appropriation from Congress.

Secretary of State George P. Shultz said Monday that the food aid is necessary to deal with the short-term problems created by a drought of "historic proportions."

Mr. Shultz and Mr. Peter McPherson, the administrator of the Agency for International Development, said that per capita food production has declined by 20 percent in the past 20 years and that Africans' caloric intake has also dropped.

"The message is, when people are hungry and dying, America responds," Mr. Shultz said.

So far in the current fiscal year, the Agency for International Development has approved 217,000 metric tons (238,700 short tons) of emergency food aid worth \$84.6 million for Africa. The request Monday, if approved by Congress, would add 200,000 metric tons, which would raise the total value to \$174.6 million. U.S. emergency food aid to Africa in the 1983 fiscal year was 157,000 metric tons, worth \$55 million.

In a report Jan. 9, the United Nations Food and Agriculture Organization warned that 3.3 million metric tons of food aid was needed by the 24 African countries affected by the drought. Of that, 1.7 million metric tons have been pledged by the United States and other international donors, according to the FAO, leaving Africa with a crucial need for 1.6 million metric tons.

Some congressional critics of the Reagan administration's policies in Africa said that \$90 million would not go far enough to meet the 1.6 million metric tons still needed.

One congressional staff member said that measures were expected to raise the amount of additional aid, with some hoping to make it as high as \$300 million. He said that would provide about half of the 1.6 million metric tons sought by the FAO.

Tom Mason, an aide to Senator Rudy Boschwitz, Republican of Minnesota, said that Mr. Boschwitz would submit a bill Wednesday seeking \$200 million in emergency assistance. Representative

Shiite Group Blamed for Beirut Blasts

By Philip Taubman
New York Times Service
WASHINGTON — Intelligence specialists are convinced that the truck bombings of U.S. and French military installations in Beirut last October were carried out by a pro-Iranian Shiite Muslim group acting under Iranian direction and with Syrian approval, according to a U.S. official.

The official said Monday that the group, known as the Islamic Amal, staged the attacks Oct. 23 in an operation that was run partly out of the Iranian Embassy in Damascus and was conducted with the knowledge of Syrian authorities.

Although the official declined to provide many details, his account was the most specific accusation made by a U.S. official about those responsible for the bombings in which 241 American servicemen and 36 French paratroopers died. Administration officials previously had charged Iran and Syria with complicity, but had not blamed any individual group.

After the bombing at the Marine compound, an unidentified man telephoned a news agency in Beirut and said the attacks were the work of an organization called Islamic Jihad. However, Lebanese police officials, Western intelligence sources and leading Shiite Muslim religious leaders in Beirut have questioned whether such an organization exists.

The Islamic Amal is a Shiite splinter group in Lebanon led by Hussein Musavi, 42, a former leader.

The official said Monday that Mr. Musavi's group carried out the attacks on orders from Iran with Iranian support.

Mr. Musavi has publicly expressed approval of the attacks but has repeatedly denied involvement.

While the official did not discuss the evidence linking the Islamic Amal to the bombings, other officials said that information indicated that the explosive devices used on Oct. 23 were constructed with the help of Iran.

U.S. Airliner Aborts Takeoff
LONDON — An Air Florida DC-10 bound for Miami with 241 passengers aborted its takeoff from London's Gatwick Airport Tuesday when fire broke out in the undercarriage, an airport spokesman said. All aboard were evacuated safely as firemen fought the blaze, the spokesman said.



George P. Shultz



Howard E. Wolpe

Andropov, in a Message to M'Bow, Assails U.S. Plan to Leave UNESCO

By Serge Schmemmann
New York Times Service
MOSCOW — Yuri V. Andropov, the Soviet leader, expressed support Tuesday for UNESCO, which the United States has given notice of leaving in protest over what it regards as the politicization of its programs and budget mismanagement.

A letter by Mr. Andropov to Amadou Mahtar M'Bow, UNESCO's director-general, was purportedly to express gratitude for a copy of Mr. M'Bow's book, "Where the Future Begins." But as published by Tass, the letter was unmistakably intended to assail President Ronald Reagan's decision to withdraw from the organization.

Without naming the United States, Mr. Andropov wrote: "Those who try to set themselves against the community of the states, which successfully cooperate to mutual advantage in UNESCO, should realize that they bear the entire responsibility for that. And the peoples will become convinced once again who is their friend and who is their enemy."

Mr. Andropov specifically praised those aspects of UNESCO's work that have most irritated the United States and Western members, the alleged politicization of its programs and the efforts to

promulgate a new international order in the dissemination of information.

The United States, in announcing its decision to quit UNESCO at the end of this year, charged that the organization has extraneously politicized virtually every subject it deals with and that the majority of Communist and Third World na-

Taiwan Attacks China With a Pop Star

By Christopher S. Wren
New York Times Service
TAIPEI — When the propaganda loudspeakers atop the concrete bunkers of the Nationalist-held island of Quemoy blast away at the Chinese mainland barely a mile distant, the anti-Communist broadsides are mercifully interspersed with the songs of Teresa Teng.

Taipei's most effective psychological weapon against the Communist government in Beijing is not Taiwan's higher living standards or its less stringent society, but Miss Teng, its pop star, who is known on the mainland by her Chinese name of Deng Lijun.

The Nationalist authorities like to tuck in a recording of Miss Teng when they loft a balloon laden with propaganda and small gifts across the Strait of Formosa. But thousands of Miss Teng's tape cassettes have been smuggled into China for profit.

Miss Teng's songs have grown so popular with young Chinese that she was an implicit target of China's recent campaign against "spiritual pollution," as the Communist ideologists have labeled unwelcome Western influences.

Young workers at one Beijing factory were recently instructed to surrender their Deng Lijun tapes, though the word was that not many did. And a Beijing restaurant once serenaded diners with Miss Teng's records until the authorities found out and stopped it.

Her music sounds tame by Western standards. She lately lent her clear soprano to a discotheque tune from the U.S. motion picture "Flashdance," but Miss Teng is known foremost for sentimental ballads that dwell on unrequited and unaccommodated love.



Teresa Teng

U.S. Official, Differing With Rowny, Sees No Trade-Off on Missiles

By Joseph Fitchett
International Herald Tribune

PARIS — The United States, while ready to consider bargaining on all nuclear missiles in a single set of talks with the Soviet Union, does not envisage cutting NATO's Pershing-2 and cruise missiles in exchange for Soviet reductions in intercontinental nuclear missiles, according to Richard R. Burt, assistant secretary of state for European affairs.

Mr. Burt's statement in Paris on Tuesday contradicted reports from Washington on Monday in which Edward L. Rowny, the chief U.S. negotiator in the suspended strategic arms talks, was quoted as saying that such a trade-off was open to discussion.

Although U.S. officials have

consistently maintained that a merger of the talks would only complicate the issues, Mr. Burt confirmed Mr. Rowny's suggestion that the door would be open to the procedural change. But Mr. Burt said, "We're not envisaging any trade-offs in [the] two separate areas."

Officials of the North Atlantic Treaty Organization insist that new U.S. intermediate-range missiles deployed in Western Europe unless the Warsaw Pact agrees to scrap new Soviet systems such as the SS-20.

Mr. Burt also ruled out another suggestion frequently made by advocates of merging the two sets of talks: that the British and French nuclear forces be unofficially counted in a broad East-West deal on nuclear arms.

U.S. resistance to including the arsenals in the talks was cited by the Soviet Union as a major factor in the deadlock. Both France and Britain are adamant that their forces, a total of 162 missiles, should not be counted because, Western officials say, the weapons are for self-defense and are not part of the superpower balance.

"We will not discuss the French and British forces in any bilateral negotiations," Mr. Burt said. However, he echoed the more flexible tone adopted Monday by Mr. Rowny after a meeting with President Ronald Reagan.

"We're prepared to accept the necessary trade-offs to open the way for an agreement" with the Soviet Union, Mr. Burt said, adding that any accord should stipulate concrete, verifiable reductions in Soviet weaponry.

Report by Reagan
Mr. Reagan said Tuesday he would "leave no stone unturned" in efforts to reduce nuclear weapons stockpiles and said Soviet actions in negotiations last year "were a disappointment," United Press International reported from Chicago. His comments were contained in a report to Congress on the U.S. Arms Control and Disarmament Agency, released in Chicago during a brief visit by Mr. Reagan.

Democrats Set Election Plan
(Continued from Page 1)

raised capacity for nipping political trouble in the bud.

Luck has been a hallmark of Mr. Reagan's political career. The decline in unemployment and inflation have defused the Democrats' major domestic issue just in time for the campaign. The polls show that Mr. Reagan faces public unrest on foreign policy issues, such as nuclear arms control and the presence of U.S. marines in Lebanon. But the Democrats cannot count on those issues to weaken Mr. Reagan as the hostage situation in Iran damaged Mr. Carter.

"Carter couldn't control events in Iran," said a former Carter administration official. "Reagan can control Lebanon. He can end it with a stroke of the pen. I expect him to get them out of there and call it victory."

Even against this backdrop of advantages, some Democrats see opportunities to defeat Mr. Reagan. Except for those who are trying to block Mr. Mondale's nomination, many with such beliefs place a high value on an early resolution of the nomination contest.

"I think the chances of beating Reagan are slim in any case," said Julian Bond, state senator in Georgia. "The longer the nomination is undecided the greater Reagan's chances of winning."

A quick end to the nomination struggle would curtail the constant and potentially undermining criticism of Mr. Mondale by the other Democrats, as a man of less than presidential stature. More important, it would allow time to organize and focus anti-Reagan sentiment.

ALGIERS — Algeria is emerging as the most stable state in former French North Africa, in contrast to Morocco and Tunisia, which have been jolted by major violence.

While King Hassan II of Morocco and President Habib Bourguiba of Tunisia were embarrassed last month by demonstrations set off by food price increases, President Chadli Bendjedid placidly installed a new government, after a monthlong congress of the ruling National Liberation Front and his unopposed re-election.

In the process he jettisoned many of the austere economic and radical foreign policies of his predecessor, Houari Boumedienne, who died in 1978.

The "socialist options" enshrined in Mr. Boumedienne's national charter of 1976 remain on the books. But the president has set his country on a pragmatic course designed to give Algerians a taste of some of the good things in life, to which they felt their considerable oil and gas revenues entitled them.

Algeria is moderating the militant streak that resulted from the nearly eight years of war for independence from France, in which an estimated one million Algerians died.

Soviet Urges Pact Against Use of Arms

U.S. Discounts Proposal

At Stockholm Meeting

Compiled by Our Staff From Dispatches
STOCKHOLM — The Soviet delegation to the European security conference called Tuesday for an agreement renouncing first use of nuclear weapons and a nonaggression pact, as well as a ban on chemical weapons in Europe.

The chief Soviet delegate, Oleg Grinevsky, also reiterated earlier Soviet appeals for a cut in military spending and the creation of nuclear-free zones in parts of Europe.

U.S. officials immediately dismissed the offer as containing nothing new, saying all the points were included in a speech by the Soviet foreign minister, Andrei A. Gromyko, at the opening of the conference two weeks ago.

Mr. Grinevsky called for the nuclear powers "to take the obligation not to use nuclear weapons," adding that "nonuse of force must be the first rule of this conference."

Last Tuesday NATO delegations to the 35-nation conference formally proposed steps to ease military secrecy in Europe to reduce the threat of war.

Mr. Grinevsky said the Warsaw Pact is "prepared" to elaborate on "limitation and notification" of military maneuvers.

Western delegates said Mr. Grinevsky had not, however, altered the Soviet stance against military inspection to verify compliance with agreements, an essential part of the Western package.

The chief Soviet delegate called NATO's plans for inspection and military observers "narrow and insignificant measures" which would "lead just to a growing suspicion in Europe."

Mr. Grinevsky said NATO's proposals were unacceptable because they ignore new U.S. missiles in Western Europe. He said the "narrow and technical" proposals would in fact "increase distrust and suspicion."

Western delegates emphasized that NATO countries did not consider nuclear arms limitations to be included in the conference mandate.

The North Atlantic Treaty Organization contends that nuclear issues should be reserved for the negotiations at Geneva that were interrupted by the Soviet Union after the first of 572 U.S. missiles planned for Western Europe were deployed last November.

"The NATO proposal does not discuss the most urgent and important problem for Europe — the increased risk of war after deployment of new nuclear missiles," Mr. Grinevsky said at a news conference.

Pravda, the Soviet Communist Party paper, last week discounted the verification provisions in the NATO plan as an attempt to allow the United States and its allies to spy on the East bloc.

Mr. Grinevsky said there would be room for further explanation of his rather general proposals, but added, "Sometimes it is good to have your arms not tied."

(Reuters, UPI, AP)



GUNMAN SLAIN

The body of a gunman, above, lay on a street in Sydney Tuesday after a shoot-out with police. The man robbed a bank, took 10 persons hostage at another bank, then led police on a two-hour chase through central Sydney before he was killed. At right, the gunman leaves the bank shielded by hostages. A police officer and two hostages were injured.



House Democrats Draft a Resolution Requesting a Beirut Withdrawal Plan

By Margaret Shapiro
Washington Post Service

WASHINGTON — House Democratic leaders have drawn up a resolution directing the administration to come up with a plan within 30 days to get U.S. troops out of Lebanon.

But the resolution, which lawmakers cautioned could change, does not set a deadline for bringing the troops home, calling instead for a "speedy and prompt" withdrawal. Democratic sources said Monday.

The resolution is intended to put pressure on President Ronald Reagan without jeopardizing the possibility of bipartisan support by setting a withdrawal date, the sources said.

Mr. Reagan has said he would oppose any effort to set a withdrawal date, and leaders of the Republican-controlled Senate have said a resolution that included a deadline would not make it through that chamber.

Senate Democrats have been trying to come up with their own Lebanon proposal and have not decided yet whether to call for withdrawal by a specific date. The Democrats voted nearly as a bloc last September against the War Powers Resolution that allowed the

U.S. Marine force to remain in Lebanon through March 1985.

Two Republican freshman senators, Slade Gorton of Washington and Alan K. Simpson of Wyoming, who had voted for the War Powers Resolution, said Monday that they could no longer support the president's policies.

Keeping the marines in Beirut "will become a terrible political liability," Mr. Simpson said.

The House resolution, which was drafted by Representative Lee H. Hamilton of Indiana and other leading Democrats at the direction of Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, would give the president seven days to name representatives, who would then have 30 days to submit to Congress a plan for withdrawal.

The speaker and other House Democrats said Monday they expect an attempt to attach a withdrawal date to the resolution when it goes to the House floor in late February or early March.

Mr. O'Neill's special Lebanon monitoring committee was scheduled to consider and revise Mr. Hamilton's resolution Tuesday. The resolution will be taken up by the House Democratic caucus Wednesday, where House officials said they also expected efforts

would be made to attach a deadline.

Security Fears in Beirut

The respected Beirut daily newspaper An Nahar said Tuesday that if current talks in Damascus involving Syria, the United States and forces opposed to the Lebanese government failed, "a widespread security explosion" in Lebanon could result, Reuters reported from Beirut.

The newspaper quoted informed sources as saying the talks, which appear to be near a standstill, were a last attempt to settle opposition objections to a security plan for a lasting cease-fire around Beirut.

One possibility if the talks fail appears to be renewed action by the Lebanese Army. Government sources said the army had been considering a new push to close a corridor of territory linking Shiite Muslim gunmen in the southern part of Beirut with Druze militias in the hills overlooking the city.

They said the main question was whether the United States would actively support an army move, for instance by using its ships offshore to bombard anti-government positions.

U.S. Seeks a Rise In Border Guards

Los Angeles Times Service

WASHINGTON — To help cope with a surge of illegal aliens crossing the U.S.-Mexican border, the Immigration and Naturalization Service is seeking the largest personnel increase in its history in the new budget, administration officials said Monday.

The fiscal year 1985 budget, to be sent to Congress Wednesday, will propose nearly a thousand more enforcement positions for the INS at a cost of \$41.4 million, lifting the agency's budget to \$574.5 million and bringing the number of permanent positions to 11,473.

Most of the 850 additional Border Patrol officers included in the proposal would be stationed in the 120-mile (193-kilometer) section of the nearly 2,000-mile border with Mexico.

The INS also is seeking to hire 1,000 more temporary seasonal workers to help with the border patrol during the summer months.

Businessmen were authorized to set up a federation along trade union lines. The private sector is supposed to provide the capital for production of consumer goods.

Investors are authorized to spend as much as \$6 million in a variety of fields, including much needed hotels and other tourist facilities.

But it is still unclear whether the bureaucracy will cooperate in dismantling part of its own power by helping private investors.

And although Colonel Chadli appears to be in full control, Algerian and foreign analysts were puzzled when the party congress replaced relatively few men after months of speculation that across-the-board changes could be expected.

Some analysts believe the president must still take into account the army, which since independence has constituted the real power base and has operated as a state within the state.

Still, Colonel Chadli's caution has caused admirers to praise him for avoiding the traps that caught many oil- and gas-producing countries after prices doubled in 1979.

His refusal to contract big foreign loans is considered now to have kept Algeria from the constraints of what the party newspaper el Moudjahid recently called "a dictat by the International Monetary Fund."

The IMF insistence that Morocco and Tunisia end their large subsidies on basic foods is blamed for the recent riots in those countries. Last year Algeria increased bread prices 50 percent, but it also increased the poorest workers' wages.

WORLD BRIEFS

Guns, Not Missile, Downed French Jet

PARIS (Reuters) — The French Jaguar fighter-bomber shot down by Libyan-backed rebels in Chad last week was hit by machine-gun fire and not a SAM-7 missile as reported earlier, the Paris daily Le Monde said Tuesday, quoting reports made available to the French Defense Ministry.

Le Monde said the jet was hit by fire from truck-mounted 23-mm anti-aircraft machine guns as it flew low over a column of rebels returning from a raid on the government-held outpost of Zizy.

In announcing the plane's loss and the death of its pilot last Wednesday, the Defense Ministry said that it had probably been hit by a Libyan-supplied, Soviet-made SAM-7 missile. Monday, Colonel Moamer Qaddafi, the Libyan leader, said the plane had been downed by machine-gun fire, adding, "This missile story is a lie aimed at deceiving French public opinion."

Paris Denies Charge of Protectionism

PARIS (Reuters) — A spokesman for the French Agriculture Ministry denied Tuesday that a reduction in the number of border posts where live cattle, pigs and fresh meat could enter France was a protectionist measure.

He said the reduction in the number of entry points from 150 to 80, announced Sunday, was designed solely to improve health controls. Last week, Agriculture Minister Michel Rocard said health controls would be improved after demonstrations by French pork farmers protesting a drop in the price of pork and increased imports of meat.

About 10 days ago France closed its border to all meat imports from the Netherlands after an outbreak of foot-and-mouth disease. But the ban was to be lifted at midnight Tuesday at the request of the European Commission, the ministry spokesman said.

France, Russia to Sign Economic Pact

PARIS (Reuters) — France and the Soviet Union will sign a long-term economic cooperation agreement Wednesday, Prime Minister Pierre Mauroy's office announced Tuesday.

The office gave no details of the agreement, which was concluded during a visit to Paris by the deputy Soviet prime minister, Ivan V. Arkhipov. Mr. Arkhipov met Tuesday with Mr. Mauroy and President François Mitterrand for talks on French-Soviet trade.

Also on Tuesday, banking sources said four French banks had signed an agreement to finance a 1.3-billion-franc (\$151-million) project under which Renault, the automaker owned by the French government, will assist Moscow in the design and production of a new car.

Shultz Condemns Salvador Terrorism

SAN SALVADOR (UPI) — Secretary of State George P. Shultz on Tuesday condemned terrorism by leftist and rightist forces in El Salvador and offered the war-torn country U.S. support in defending democracy.

"The tactics of terror, whether totalitarianism or death squad terror, have no place in a democracy and we oppose terror in all its forms," Mr. Shultz said upon his arrival from Washington. The secretary was to spend only a few hours in the Salvadoran capital before leaving for Venezuela. He will also visit Brazil and Grenada.

On the flight to El Salvador, the secretary of state said that U.S. aid to El Salvador for its war against leftist guerrillas is jeopardized by political assassinations and human rights abuses. He said the Salvadoran government leaders, however, are making progress in curtailing political violence. "I will want to encourage that and insist on that for their benefit most of all," he said.

Pope Appoints New York Archbishop

VATICAN CITY (UPI) — Pope John Paul II on Tuesday named Bishop John J. O'Connor of Scranton, Pennsylvania, as the new archbishop of New York.

The bishop was one of five on a committee that drafted a document last year for the Roman Catholic bishops' conference denouncing nuclear warfare, calling in effect for a bilateral nuclear freeze and criticizing various aspects of U.S. nuclear policy.

Archbishop O'Connor, 64, who was a U.S. Navy chaplain for 30 years, replaces the late Cardinal Terence J. Cooke, who died in New York of leukemia last October.

The archdiocese of New York, the U.S. church's richest, has 1.8 million Catholics, fewer only than Chicago, Boston and Los Angeles.

EC Finds Currency Controls Illegal

LUXEMBOURG (Reuters) — The European Court of Justice held Tuesday that French and Italian currency-exchange controls for foreign travel are illegal, a court spokesman said.

The court found that there could be no limit to payments across Economic Community frontiers to cover expenses for business and tourist travel, medical care and study trips. The court case was based on complaints by two Italians who had been fined for taking too much money abroad.

The spokesman said the decision dealt explicitly with Italian restrictions, but also effectively ruled illegal similar rules applying in France. He said West Germany, Belgium and the Netherlands all expressed opposition to national measures that increased currency controls beyond those applying when the trading bloc was formed in 1958.

4 Armenians Found Guilty in Paris

PARIS (AP) — A court sentenced four Armenians on Tuesday to seven years each in prison after they were found guilty of charges stemming from the September 1981 takeover of the Turkish Embassy in Paris.

The four men admitted to the takeover, in which a security guard was killed and an embassy official was wounded. Their defense was based almost exclusively on what they claimed was political justification for the act in light of the massacre of Armenians in Turkey during World War I.

The four defendants, admitted members of the Armenian Secret Army for the Liberation of Armenia, were charged with murder and attempted murder. On Saturday, police arrested more than 200 people who took part in an illegal demonstration in Paris in support of the four.

Mubarak Begins African Tour in Zaire

KINSHASA, Zaire (AP) — President Hosni Mubarak arrived here Tuesday at the start of a four-nation African tour aimed at expanding Egypt's influence on the continent and gaining a greater role in the Organization of African Unity.

Mr. Mubarak's tour, which Egyptian newspapers said would last 8 to 10 days, will also take him to Kenya, Tanzania and Somalia.

The visit is Mr. Mubarak's first to sub-Saharan Africa since becoming president in October 1981 following the assassination of Anwar Sadat. Egypt is strengthening its ties with other Islamic and Arab countries and is emerging from the diplomatic isolation imposed upon it following the 1979 peace treaty with Israel.

For the Record

Israel's city streets were covered with tons of piled-up garbage Tuesday as 70,000 municipal workers stayed off the job for the third straight day. The strikers threatened to cut off water and power supplies. (UPI)

British Airways canceled flights to the United States Tuesday, stranding more than 2,000 passengers, because of a walkout by engineering and maintenance workers at Heathrow Airport in a dispute over pay. (UPI)

In Hong Kong's financial district, four armed men seized about 138 million Japanese yen (about \$590,000) from security guards outside a bank Tuesday. Police gave chase and a young woman and two men were wounded in an exchange of gunfire. Police said the money was later found in an abandoned car. (AP)

The remaining Libyan diplomats on Mauritania have been given until Sunday to leave. The Libyan Embassy was ordered closed last month. The Libyans were accused of interfering in local affairs and trying to destabilize the government on this island in the Indian Ocean. (Reuters)

Chilean police arrested Benito Kinsiedel, a French Nazi hunter, in front of the presidential palace in Santiago Tuesday while she was leading a demonstration to demand the expulsion of former SS Colonel Walter Rauff. (UPI)

The United States conducted an underground nuclear test Tuesday at its test site in the Nevada desert, the Energy Department reported. It said the test involved a device of between 20 and 150 kilotons. (Reuters)

Algeria, Moderating Its Militant Streak, Finds a New Stability

By Jonathan C. Randall
Washington Post Service

ALGIERS — Algeria is emerging as the most stable state in former French North Africa, in contrast to Morocco and Tunisia, which have been jolted by major violence.

While King Hassan II of Morocco and President Habib Bourguiba of Tunisia were embarrassed last month by demonstrations set off by food price increases, President Chadli Bendjedid placidly installed a new government, after a monthlong congress of the ruling National Liberation Front and his unopposed re-election.

In the process he jettisoned many of the austere economic and radical foreign policies of his predecessor, Houari Boumedienne, who died in 1978.

The "socialist options" enshrined in Mr. Boumedienne's national charter of 1976 remain on the books. But the president has set his country on a pragmatic course designed to give Algerians a taste of some of the good things in life, to which they felt their considerable oil and gas revenues entitled them.

Algeria is moderating the militant streak that resulted from the nearly eight years of war for independence from France, in which an estimated one million Algerians died.

In the years immediately after independence in 1962, Algeria became known as a radical nonaligned state. Now, however, its leaders no longer appear to feel it necessary to proclaim it "the beacon of African

socialism." Increasingly, they are absorbed by problems at home.

Algeria has resolved its border disputes with its neighbors, except for Morocco. It has all but dropped out of the radical "Steadfastness Front" founded in 1977 with Libya, Syria, South Yemen, Iraq and the Palestine Liberation Organization to counter Egypt's overture to Israel.

Significantly, Algeria refrained from criticizing the visit by the PLO chairman, Yasser Arafat, to Cairo in December.

In November, Colonel Chadli paid a state visit to France — a psychological breakthrough that many Algerians only a few years ago would have thought impossible for another decade.

So intent is Algeria on pragmatic relations with the West that even the cancellation several years ago of a major contract by a U.S. natural gas company failed to dim the country's excellent, if low profile, economic relations with the United States.

A series of high-level Reagan administration officials, including Vice President George Bush, have visited, and major agricultural projects are due for discussion during a visit soon by the U.S. agriculture secretary, John R. Block.

The only major exception to the new pragmatism in foreign policy is Algeria's continuing, if less visible, backing for the Polisario insurgent movement that has been fighting Morocco since 1976 for control of the Western Sahara, a former Spanish colony. Analysts believe Algeria is reluctant to abandon Polisario for fear of undercutting its long-held position that Algeria's support is based on respect for colonial borders

and a commitment to national liberation movements.

On the home front, for the past two years the government has sought to decentralize the once-mammoth bureaucracy and the nationalized corporations, which in some cases had become semi-independent barons.

"Boumedienne died just in time," said an Algerian analyst, intimating that, had a shift in priorities not begun promptly under Colonel Chadli, Algeria could also have been the scene of violence.

"The authorities should have realized long ago that the people were fed up with the way things were being run," the analyst said.

Mr. Boumedienne's fascination with heavy industry has been moderated. Greater stress has been placed on producing scarce consumer goods, catching up on badly needed housing construction and revitalizing the long-neglected agricultural sector with major state investments.

Still, Algeria's problems are legion. Its population has soared from nine million to 22 million since independence and will nearly double again by the end of the century. Construction is lagging, with a backlog of at least a million housing units. Algeria, which was all but self-sufficient agriculturally under the French, now imports \$3 billion a year in food.

"Political factories" built to satisfy local interests rather than on sound economic principles remain a major drain on state finances despite recent efforts to boost production and trim work forces.

The private sector is no longer isolated. Last year,



PORTRAIT VENDOR — Three Shiite Muslim girls at the stand of a street vendor who sells pictures of Shiite religious and political leaders in Beirut's southern suburbs.

LOAD — The U.S. space shuttle, California, as it was taken to a facility of Rockwell

Food, Given Sold Openly in

PARIS (UPI) — The United States has agreed to sell food to the Soviet Union, a move that would be a significant step in easing tensions between the two superpowers.

The deal, which was announced Tuesday, would allow the U.S. to sell food to the Soviet Union on a non-exclusive basis, meaning that the Soviet Union could also buy food from other countries.

The deal is part of a larger agreement between the U.S. and the Soviet Union on food and agricultural trade. The agreement was signed in Washington last month.

The deal is seen as a sign of improved relations between the two countries. It is also seen as a way to help the Soviet Union's economy, which is struggling with food shortages.

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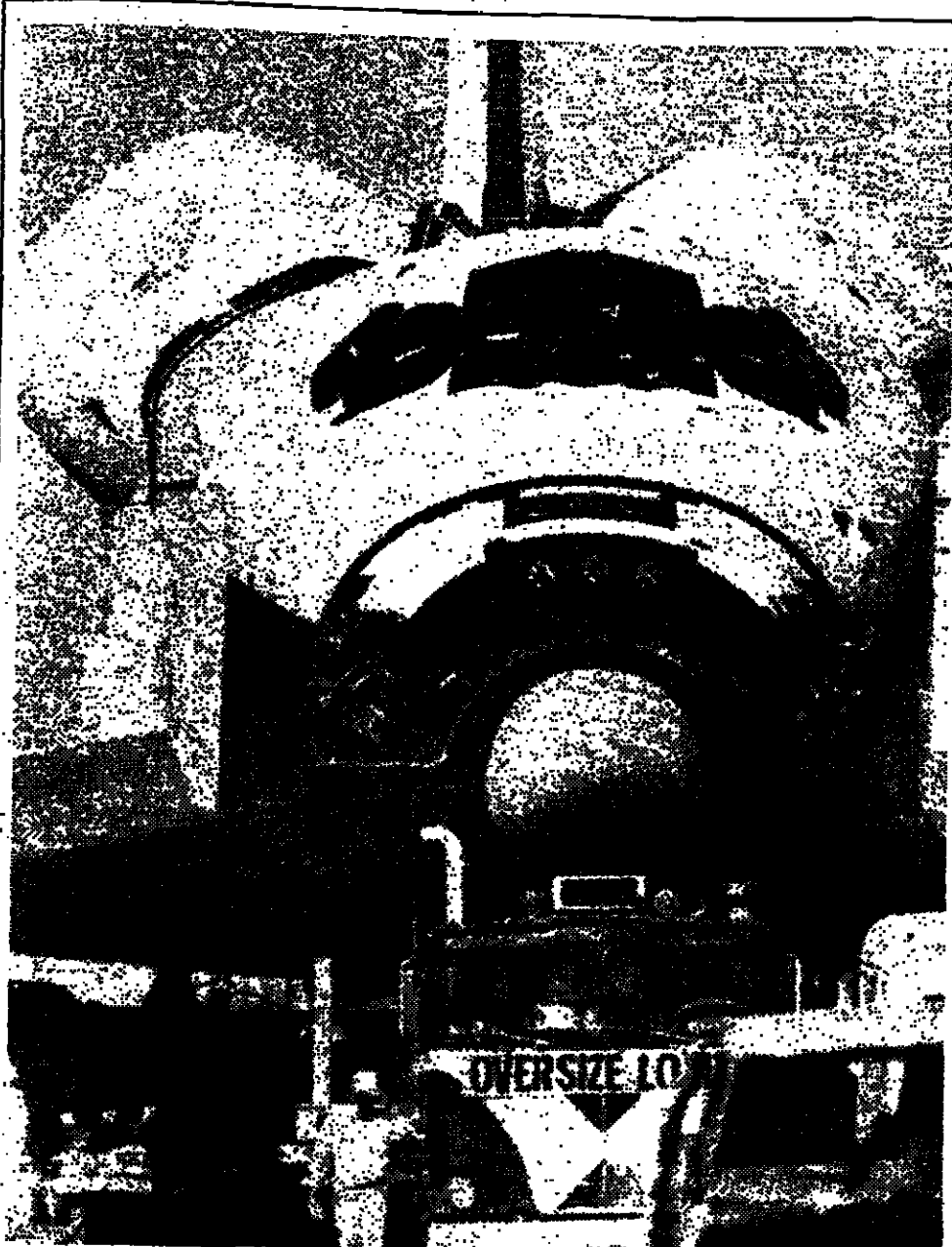
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HEAVY LOAD — The U.S. space shuttle Columbia proved to be quite a traffic stopper in Lancaster, California, as it was moved by truck about 10 miles from Edwards Air Force Base to a facility of Rockwell International Corp. in Palmdale to be modified.

Endorsements Of Mondale Are Expected

Aides Claim Support Of O'Neill, Strauss

By Bernard Weinraub
New York Times Service

WASHINGTON — Thomas P. O'Neill Jr., the speaker of the House of Representatives, and Robert S. Strauss, a former Democratic Party chairman, are to endorse Walter F. Mondale for the Democratic presidential nomination in the next few days, aides to Mr. Mondale said.

The expected endorsements by the two key party figures were termed "highly significant" by one aide to Mr. Mondale. The former vice president is considered the leading candidate for the party's nomination.

"The Strauss endorsement is important," one Mondale aide said Monday night. "When Bob Strauss talks, people listen. He's a highly respected political leader. He's listened to by party activists and party officials."

Mr. O'Neill, who has spoken to Mr. Mondale several times in recent weeks, is expected to endorse the candidate on Wednesday.

Mr. Strauss and Mr. O'Neill could not be reached Monday night.

Aides said that in recent weeks Mr. Mondale had actively sought the endorsements of Mr. O'Neill, a representative from Massachusetts, and Mr. Strauss in the effort to build support for his candidacy within the Democratic Party establishment.

Mr. Strauss, a former Democratic Party treasurer and chairman, was chairman of the Jimmy Carter-Mondale re-election effort in 1980.

A senior aide to Mr. Mondale, who asked to remain unidentified, said that Mr. Strauss would play an especially useful role in raising money for the candidate and participating in strategy sessions aimed at winning the nomination.

"He'll be a terrific surrogate speaker for the vice president," the aide said.

Discussing Mr. O'Neill's expected endorsement, the Mondale aide said, "We're obviously delighted to have such a powerful figure endorse our candidacy. It is a fitting culmination to our very successful congressional delegate efforts."

Mr. Mondale has picked up the support of about a half-dozen governors, nearly 70 congressmen and numerous senators.

Reagan Extols Bible, Attacks Abortion

By Lou Cannon

Washington Post Service
WASHINGTON — President Ronald Reagan began his campaign for a second term by extolling the Bible, denouncing the American Civil Liberties Union and issuing an emotional call for legislation to restrict abortion and permit school prayer.

In a political appeal to social conservatives who have complained that Mr. Reagan has not given enough attention to issues that matter most to them, the president drew cheers from 4,000 religious broadcasters with a speech Monday containing 24 references to God and comparing the fight against abortion with Lincoln's efforts to end slavery.

Mr. Reagan stressed the perils of drugs, pornography and communism and asserted that within the Bible "are all the answers to all the problems that face us today — if we only read and believe."

In his message to what political strategists refer to as "the Christian right," an important potential constituency for Mr. Reagan, the president told the National Religious Broadcasters Convention that he

had been criticized by the American Civil Liberties Union for proclaiming "the Year of the Bible" in 1983. "Well, I wear that indignant like a badge of honor," he said to loud applause.

Mr. Reagan won a standing ovation from the broadcasters with his denunciation of abortion and his call "for the mighty power of your prayers" to pass the "Hyde-Jensen respect-life bill." "This nation cannot continue turning a blind eye and a deaf ear to the taking of some 4,000 unborn children's lives every day," Mr. Reagan said. More than one-tenth of these abortions are performed in California under legislation that Mr. Reagan signed into law as California's governor in 1967.

The president received even louder applause and two standing ovations for his call for an amendment to permit school prayer, an appeal he also made in his State of the Union message last week.

"I think Americans are getting angry," Mr. Reagan said. "I think they have a message and Congress better listen. We are a government of, by and for the people. And people want a constitutional amendment making it unequivocally clear our children can hold voluntary prayer in every school across this country."

Mr. Reagan's speech emphasized the values of family and community, which were staples of his presidential campaign message in 1980. Monday, however, he went further than he usually does in endorsing the value of Bible study, prayer and religious instruction.

President Reagan, who campaigned four years ago on a promise to balance the budget through tax and spending cuts, cautioned an audience Tuesday "to watch out for those offering easy answers to the federal budget deficit and for those appealing 'to greed and envy.'" The Associated Press reported from Chicago.

The president, on his first trip out of Washington since becoming an official candidate, spoke to a convention of building suppliers before meeting with Illinois labor leaders.

"As the political rhetoric heats up this year, there will be those trying to appeal to greed and envy — make no mistake, that is what they are trying to do — who suggest our tax program favors the rich," Mr. Reagan said. "This is the same anti-business, anti-success attitude that brought this country to the brink of economic disaster."

"We, of course, still must come to grips with the deficit. My only caution is to watch out for those offering easy answers," he said.

Reagan Says Some Homeless in U.S. Are Sleeping Outdoors 'by Choice'

United Press International

WASHINGTON — President Ronald Reagan said Tuesday that even in the best of times there are homeless people in the United States who sleep on outdoor heating grates. "You might say, by choice," he said.

"Now this has been aggravated somewhat by some things at local or state levels where there have been changes made in committing people with mental problems to institutions, and they've suddenly been turned out, willing to go," he said. "They want out. But they had no place to go."

Edwin Meese 3d, the presidential counselor, who since has been nominated to become attorney general, created a controversy last December when he said he knew of no statistical evidence of hunger in America and suggested some people eat in soup kitchens because the meal is free.

Mr. Reagan, in an interview on a morning network television program, said Tuesday, "Now we have found in this country, and maybe we're more aware of it now, is one problem that we've had even in the best of times, and that is the people who are sleeping on the grates, the homeless who are homeless, you might say, by choice."

He said more money was being spent on food assistance and health care "than at any time in the history of the country" and noted that the commission he had appointed had not found widespread hunger in America.

Jackson's Lawyer Discloses 2d Gift From Arab League to PUSH Charities

New York Times Service

WASHINGTON — A lawyer for the Rev. Jesse L. Jackson said Monday that the Arab League made a donation of \$100,000 to PUSH for Excellence Inc., an educational organization that was headed by Mr. Jackson.

The lawyer, John H. Bustamante, said the gift was made in 1981 or 1982, along with an identical gift to the PUSH Foundation that was disclosed Sunday by The New York Times.

Mr. Jackson, a candidate for the Democratic presidential nomination, said Sunday that he had no role in the operation of the foundation, a fund-raising body for PUSH affiliates, and was unaware of the

source of that donation. But he was president of PUSH for Excellence when the Arab League made its contribution. In comments published Sunday, he denied any knowledge of any foreign donations to PUSH, an acronym for People United to Serve Humanity.

It is perfectly legal for a charity to accept foreign contributions. Mr. Bustamante, who is also the lawyer for all PUSH organizations, said at a news conference in Washington Monday that articles about the donation by the Arab League to the foundation were part of an "ongoing attempt to influence the public to view gifts from Arab sources as somehow more different and more questionable than gifts from other sources."

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U.S. Food, Given for Free Distribution, Is Sold Openly in Salvadoran Markets

By Stephen Kinzer

New York Times Service

SAN VICENTE, El Salvador — Among the foods offered for sale this week at the bustling central market in this provincial capital were large bags of wheat, corn and rice marked as American aid and stamped "Not to be sold or exchanged."

At other market stalls, vendors were offering tins of cooking oil with similar markings.

There seems to be a leak through which food sent to be distributed free is finding its way into the market, a priest said Sunday. Food sent by the United States, he said, has been sold at the San Vicente market for several months.

The food is being sold, apparently in violation of regulations imposed by the United States for its free distribution, at a time when the Reagan administration is preparing to request substantial increases in U.S. economic aid to El Salvador.

What appeared to be unopened bags of U.S.-grown grains were also seen at several market stands in the town of Cajatepeque, capital of neighboring Usulután province. One vendor there had five 100-pound (45-kilogram) bags of corn available and sold one to a passing customer for 20 colones, about \$6. "A man comes by in a truck and brings the American products," she said. "Where he gets it, I couldn't say."

Large amounts of American food have been sent to the provinces of San Vicente, where a wide-ranging pacification plan is under way, and Usulután, where a similar plan is being implemented, according to relief workers.

The aid is intended for Salvadorans forced to abandon their homes because of violence and for others unable to feed their families.

President Ronald Reagan's National Bipartisan Commission on Central America recommended in January that the United States "provide an immediate increase in bilateral economic assistance" to Central American countries allied with Washington.

Under the Food for Peace program, the U.S. Agency for International Development plans to distribute \$11.5 million worth of free food products in El Salvador in 1984, an aid official said.

Much of it is distributed through Salvadoran government agencies. An official of El Salvador's National Committee for Displaced Persons, David Peraza, said that it was impossible to monitor the distribution of all the food.

The U.S. Embassy in San Salvador dispatched an officer to San Vicente on Monday who found only a few isolated cases of abuse, a senior aid official said.

"It's very small stuff," said the official, who asked not to be identified. "Anyone who alleges it's a major diversion is way off base."

At the San Vicente market, a man who was selling one-gallon (3.8-liter) cans of soybean oil marked as donated by the United States said he had obtained the goods through "an arrangement."

He said the only way to find out how the food had come into private hands would be to ask at the National Guard post located a few steps from his stall. But a soldier on duty there said that no food was sold at the post, and that no one was available to discuss the matter.

Many vendors who were selling

goods marked as U.S. aid kept the sacks and cans covered by burlap or otherwise hidden. Others who stacked the goods in plain sight quickly removed them when they were pressed about the food's origin.

But other vendors were more

willing to sell the goods to an American.

"This is a fine product, straight from the States," said one vendor as she sold a bag of corn carrying the legend: "Furnished by the people of the United States of America. Not to be sold or exchanged."

U.S. Plans Laws to Fight Terrorism

By Michael Getler

Washington Post Service

WASHINGTON — A package of proposed U.S. anti-terrorism laws, including monetary rewards for information and a crackdown on those helping to recruit or train terrorists, is being prepared by the Justice Department and will be sent to Congress soon, administration officials said Monday.

In his State of the Union address last week, President Ronald Reagan said that international attention was needed to combat "this ugly specter" of global terrorism and that he would soon send legislative proposals to Congress and seek the support of U.S. allies for "concerted action."

The proposals, in the final clearance stage at the Justice Department, are said to include legislation that would:

- Make a conspiracy in the United States to commit violence abroad a U.S. criminal offense.
- Implement international conventions, such as the 1979 United Nations resolution on hostage-taking, and other agreements against aircraft sabotage and hijacking.
- Authorize government payment of rewards for information on terrorist activities here and abroad.
- Prohibit the training or support of terrorist organizations from the United States.

Officials said terrorism is also on the agenda of a meeting Wednesday between Mr. Reagan and the president of Yugoslavia, Milka Spiljak. Mr. Spiljak reportedly wants to talk about attacks on Yugoslav representatives in the United States in recent years while the Reagan administration wants to discuss the overall need for cooperation in apprehending known terrorists.

According to an authoritative government source, who asked not to be identified, terrorism is a growth industry abroad, with hundreds of groups, either ideologically motivated or mercenary. Of these, about 50 have been identified as major organizations. These include Shiite Moslem, Iranian and Palestinian groups, he said, as well as "free-lance" groups such as that led by the Venezuelan-born terrorist known as Carlos.

The administration was also concerned about the threat of terrorism at the forthcoming summer Olympic Games in Los Angeles, the source said.

The source said the Soviet espionage service, the KGB, had been put into some disarray this year by heightened Western counterintelligence. In 1983, 147 KGB agents in 20 countries were arrested, expelled or defected. Much of this had to do with a crackdown by the West on technical espionage.

As a result more Western governments are going after Soviet agents, despite Moscow's attempts to become more sophisticated and cautious in its espionage, the source said. There were signs, he added, that Soviet counterintelligence operations now appeared to be more dominant than intelligence gathering as a result of Western improvements.

The source also said that Moscow was having increasing difficulties with insurgent operations against Soviet forces and their allies. He said the Russians were getting "clobbered" in Afghanistan and that rebel forces led by Jonas Savimbi opposing the Marxist government of Angola were now operating in more than half of that country. Cambodian resistance forces have made heavy gains during the rainy season against Vietnamese occupiers, he said, and the Sandinista rulers in Nicaragua have their hands full with 12,000 to 15,000 insurgents, supported in part by the U.S. Central Intelligence Agency. He said there were only about 20 CIA agents supporting the guerrillas.

The Veterans Administration has officially recognized only chlorine as a side-effect of exposure to Agent Orange. However, veterans who were exposed to Agent Orange have claimed that the chemical, which contains dioxin, one of the most toxic substances known, could be linked to a number of other diseases.

House Votes Aid for Defoliant Victims

By Karen Tumulty

Los Angeles Times Service

WASHINGTON — In a symbolic victory for veterans of two wars, the House of Representatives has voted to provide about \$5 million a year in benefits to veterans who suffer ill effects from exposure to the defoliant Agent Orange or radiation from early nuclear explosions.

The bill was approved by a voice vote Monday and sent to the Senate.

Agent Orange has been the center of an emotional dispute between Vietnam veterans, who have argued that they should be compensated for having been exposed to the chemical during the Vietnam War, and government agencies, which have contended that more

study is needed of Agent Orange's possible effects.

After a Veterans Administration study was widely criticized as insufficient, Congress directed the Centers for Disease Control to study the herbicide's effects.

Only 1,461 of the 18,500 people who filed claims over the possible effects of Agent Orange were declared eligible for disability benefits.

The bill, which would expire one year after the study by the Centers for Disease Control is submitted to Congress, would provide benefits to veterans who served in Vietnam and later suffered soft-tissue cancers, a rare liver ailment known as porphyria cutanea tarda, and chloracne, a serious, disfiguring skin disease.

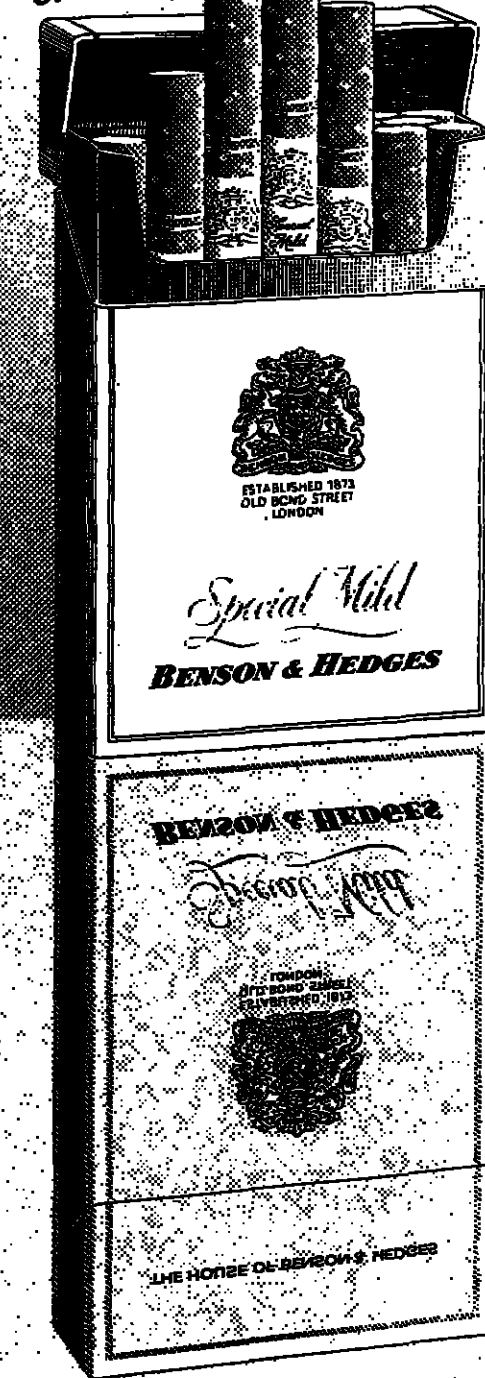
The Veterans Administration has officially recognized only chlorine as a side-effect of exposure to Agent Orange. However, veterans who were exposed to Agent Orange have claimed that the chemical, which contains dioxin, one of the most toxic substances known, could be linked to a number of other diseases.

The legislation also would provide benefits to an older group of veterans who suffered several forms of cancer after participating in the testing of nuclear devices or in the occupation of Hiroshima or Nagasaki. An estimated 230,000 veterans may have been exposed to radiation while watching atomic testing during the 1940s and 1950s or serving with the forces that occupied the two Japanese cities.

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Reagan in the Lead

President Reagan's announcement Sunday night, echoing his State of the Union address on Wednesday, mentioned specific issues but stressed his general theme: "America is back and standing tall." Mr. Reagan's campaign strategists are not just being coy when they refuse to be pinned down on whether their major issue is economics or foreign policy. They hope to run on peace and prosperity, of course. But "the issue," the president's pollster, Richard Wirthlin, says, "is leadership."

Reagan strategists are uncomfortably aware that their candidate has antagonized large blocs of the electorate, notably blacks and working women, and that his standing in the polls is vulnerable to adverse turns of events—more American bloodshed in Lebanon, or a rise in inflation or unemployment. For all the talk of Mr. Reagan's record popularity, his leads in the polls are not awesome.

So the president is counting on a general impression that he is a strong and steady leader, and he is trying to capitalize on—and strengthen—the growing optimism about the direction of the nation and the rise in positive feelings about government and other institutions. The optimism that marked his State of the Union speech will, he hopes, carry him over any bumps in the campaign road, or even over a washed-out bridge or two.

This presents a difficult challenge to the Democrats. They risk sounding querulous and complaining and almost committed to bad news, when the national temper is getting

sunnier and more optimistic. In the primaries they will be competing mostly for a hard-core anti-Reagan vote. They will be driven to make points that may prove unpersuasive and to speak in tones that may prove too shrill in the fall. And they seem to lack the single, unifying theme to counter the idea that Mr. Reagan's leadership has brought America back.

Instead the Democrats find themselves arguing that the recovery is shaky and attacking budget deficits. Their arguments are sound, and they have come up with some constructive alternatives. But the deficit, as Senator Paul Laxalt argues, is an abstract issue, one voters are likely to ignore unless they are getting hurt, which is not happening now. And how much credibility do the Democrats have when it comes to cutting deficits anyway?

The temptation for the Democrats is to return to their tactics of 1982, when they denounced Reaganism at every turn and capitalized on the fact that the election coincided with the trough of the recession. But that leaves it open for Mr. Reagan to recall the Republicans' 1982 theme—"Stay the course"—and argue that he has shown the steadiness and courage, the leadership, to steer America to better times. You can reply that the recovery occurred more despite than because of his policies, but that kind of analysis does not usually win presidential elections. In the contest to articulate a powerful political theme, Mr. Reagan begins with a substantial lead.

—THE WASHINGTON POST.

A Waste of Space

There is a glaring fault with the manned space station that President Reagan proposes: its striking lack of technological challenge. Unlike President Kennedy's program to put man on the moon, a manned station would scarcely stretch present technology. Far from being among the "giant steps for mankind," as Mr. Reagan suggested, it would be what his own science adviser called the proposal a year ago: a "most unfortunate step backward."

It not only lacks technical challenge. Almost every proposed use for the manned space station could be better accomplished without man. Telescopes can be pointed more accurately without humans lumbering around. Manufacturing in space hardly requires human presence, when automated factories are already a commonplace on Earth. As for using the space station as a base from which to send humans to other planets, what could a man do on Mars that robots could not do better?

The manned space station, to cost \$8 billion, is based on the tedious concept that humans must have a role in any space extravaganza if the public is to enjoy the show. On the contrary, an unmanned program offers far greater opportunities for stirring the public's imagination.

"Nowhere do we so effectively demonstrate our technological leadership," Mr. Reagan says of space. Then instead of pouring money into true technology, why not first invest in developing a new generation of robots and space-going automated equipment?

Then build vehicles that could roam over Mars—wondrously operated by a driver sitting on Earth. Construct spacecraft from which Earth-bound viewers can feel themselves skimming the rings of Saturn, or sail over the clouds of Jupiter and watch its 16 moons rise and set. Wouldn't the public prefer that kind of spectacle to seeing another astronaut swing a golf club or cancel postage stamps on some distant piece of rock?

Space is indeed a frontier. But there is a greater scientific payoff from putting human intelligence above human presence on space missions. Unmanned exploration has given way in NASA's budget first to Project Apollo, then to the space shuttle, now to the space station. Indeed the only clear rationale for a manned space station is to make work for the underused shuttle. America's space program has been poorly served by its impresarios.

—THE NEW YORK TIMES.

Other Opinion

America Worries the Russians

In the United States, many Americans firmly believe that the Kremlin is plotting a nuclear war against the West. But in the Soviet Union, many Russians are just as firmly convinced that the U.S. plans to launch its nuclear warheads against the U.S.S.R. Average Russians and ranking government officials alike have little doubt that the White House, not the Kremlin, is the villain in superpower tensions.

—U.S. News & World Report (Washington).

A Few Czechoslovaks Say It

The film "The Day After" is a rousing work. Even though in some passages it pays its due to American fabrications about the "Soviet danger," it is very topical. . . . In the course of the action, the media bring information about an extraordinary aggravation of the situation in Europe—but the people involved in the action are entirely indifferent to that.

—Nova Sloboda, the party daily in Ostrava, Czechoslovakia, commenting after the film was shown last week on Polish television, which is seen in the Ostrava region.

Hong Kong's Best Guarantee

The incentive of luring Taiwan back to the mainland by way of Hong Kong may be stronger in 1997 than it is today. China's interest in its economic and political relationships with the two biggest investors in Hong Kong, the United States and Japan, may be stronger, too. These governments have to make clear to China that there would be a price to pay if its promises to Hong Kong were broken, and benefits to reap if they were kept.

A Beijing regime that is xenophobic or revolutionary-realist enough to ignore all these considerations would also be the sort of regime ready to overrun Gurkha border guards or brush aside British governors. Hong Kong has

been dependent on the forbearance and vested interests of communist China for 35 years. Whatever is agreed upon between Britain and China, this dependence will remain.

Hong Kong's best guarantee of a non-communist future lies in its own continuing economic success. And in China's.

—The Economist (London).

UNESCO: America Isolated

Gregory Newell, assistant secretary of state for international organizations, has listed "re-assertion of American leadership" as the top priority condition for continued U.S. support of UNESCO. That gets at the heart of the matter. The United States has indeed lost its pre-eminent role in the organization.

The White House decision to withdraw from the body is consistent with its actions on such matters as the Law of the Sea treaty—the United States cast the lone dissenting vote—and the invasion of Grenada, which was roundly condemned. A withdrawal from UNESCO would provide further proof that on the great issues of the day, the United States under Ronald Reagan is becoming increasingly isolated from the rest of the world.

—The Nation (New York).

About the Line-Item Veto

The line-item veto proposed by President Reagan is not a new idea. Other presidents as far back as Ulysses S. Grant have thought it would be handy for controlling spending. [It] would allow a president to strike individual items from a congressional spending bill, and then sign the rest of the bill into law. That would mean a profound shift in the balance of power in Washington—and that is why we do not look for it any time soon. This is why it will be more of a campaign tool than a budget tool.

—The Baltimore Sun.

FROM OUR FEB. 1 PAGES, 75 AND 50 YEARS AGO

1909: Paris Lady Driver Arraigned

PARIS—Mlle. Marie Louise Leja, a recent recruit in the ranks of the Paris cabdrivers, had little luck the first time she made her appearance in the streets of Paris. Her horse bolted with her at the corner of the rue Saint-Dominique and the boulevard de la Tour Maubourg and knocked down and killed M. Sanoy, a wine merchant. Mlle. Leja has appeared before the Correctional Court to answer a charge of reckless driving. She explained that she was unable to hold her horse, which drew from the Public Prosecutor the remark that though "the horse is the finest conquest of man," the same does not seem to hold good of women. The Court adjourned its decision.

1934: No Fund for U.S. Diplomats

WASHINGTON—Diplomatic officers serving in countries where the gold standard is maintained suffered a setback when the House appropriation committee, despite a stirring plea from Wilbur J. Carr, assistant secretary of state, voted down a fund of \$7,125,000 designed to alleviate hardships resulting from the devaluation of the dollar, which represents a 40 percent cut in pay for those serving in France, Italy, Germany, Switzerland and Holland. Secretary Carr told the committee there had been "more suffering in the foreign service in the past six months than at any other time in my knowledge," with "at least one suicide" and "in several cases nervous breakdowns."

An 'Economic Bill of Rights'

By David S. Broder

WASHINGTON—President Reagan wants to make his policy revolution permanent, and a longtime adviser, Martin Anderson, thinks he knows how Mr. Reagan can do it. Mr. Anderson—a Hoover Institution scholar who served as a top Reagan domestic policy aide in the last two campaigns and in the early part of the administration—is advocating a second-term project to write into the Constitution what he calls an "Economic Bill of Rights."

It is an ambitious scheme, and one that will fuel debate in the coming campaign. But that is not the only provocative notion Mr. Anderson advances in a newly published Hoover Institution essay.

From the Stanford campus, Mr. Anderson is openly scornful of the president's "summit conference" solution to the budget deficit problem. "The spectacle of a domestic 'summit conference' of our highest political leaders to resolve our economic stalemate would be the ultimate confession of the failure of our established political institutions," he writes. "It would be unlikely to have any more lasting effects on fundamental economic policy than international summits have had on foreign policy."

Mr. Anderson wrote before Mr. Reagan's surprise appeal to congressional leaders of both parties to join his representatives in an effort to curb the giant deficits forecast in his new budget. But Mr. Anderson is right to point out, "The problem is not one of communication. It is a problem of disagreement."

He is also right, I think, when he cuts through a lot of obfuscation by his former administration colleagues and attacks the "sleek theory" that sometimes deficits don't

matter. "If you run large enough deficits for a long enough time," he says, "you will generate fierce inflationary pressures," and "no country has ever run large, sustained deficits without inflicting economic damage on itself."

Mr. Anderson denies that "the budget is out of control." His argument—and a nice one it is—is that the real problem is that the budget is under the control of politicians who won't face the political cost of controlling deficits.

As he puts it, "Those with the power to make those decisions in Washington have collectively decided—Republicans and Democrats together—that the political consequences of spending policies that would bring spending in line with revenue and balance the budget are more painful than those policies they are now following."

Rather than curb domestic spending further, slow down the Pentagon buildup or restore tax cuts, these politicians incur deficits because they figure that "a vote for fiscal responsibility is a vote for political suicide."

Most of the current debate centers on the relative culpability of this president and his predecessors, or the two parties in Congress, in running up the deficits. But Mr. Anderson leaps that debate to argue that all politicians must be forced to do their duty by taking the choice out of their hands. The "Economic Bill of Rights," a notion that he advanced in a 1979 campaign memo and that economists Milton and Rose Friedman publicized in 1980, is the answer he sees. "First, we are going to have to

require them to balance the budget, period," he writes. "Then we are going to have to make sure they do it the right way, by limiting spending, not raising taxes. To help Congress achieve this, we will have to improve the budgetary balance of power by giving the president a line-item veto. To make the whole thing as fail-safe as possible, it will also be necessary to eliminate two courses of action open to government bent on running deficits. . . .

"We should return to the discipline of a gold standard and eliminate the president's ability to cut the link between the dollar and gold with the stroke of a pen."

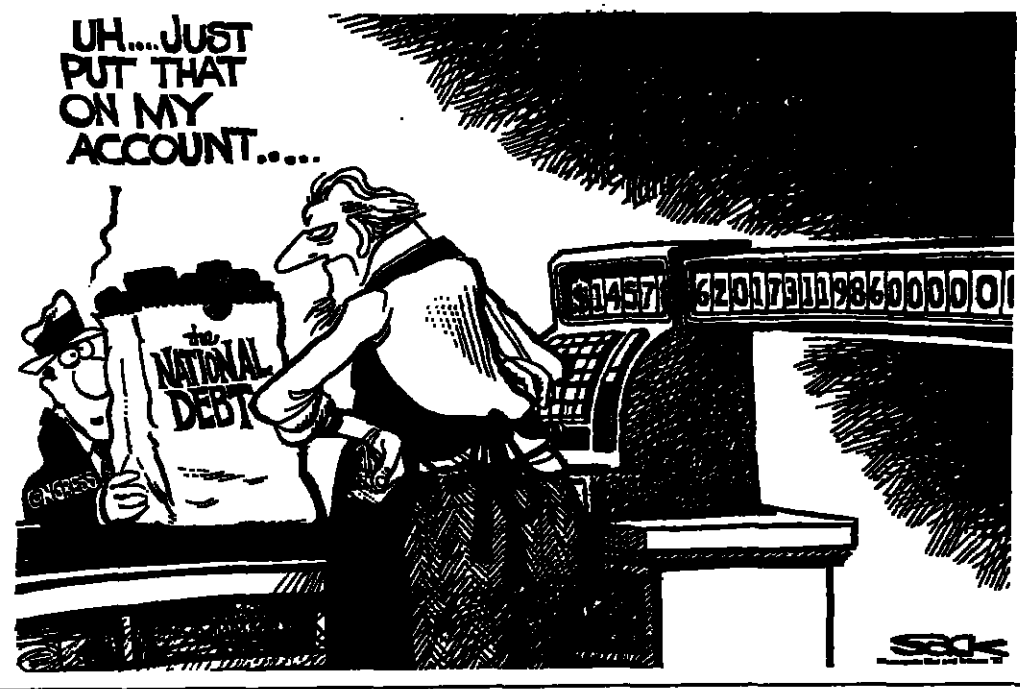
And we should prohibit wage and price controls to eliminate the possibility that politicians can use them to temporarily mask the damaging impact of inflation."

That is the five-part "Economic Bill of Rights": constitutional amendments to require a balanced budget, limit federal spending, give the president line-item veto authority, return to the gold standard and ban wage-price controls.

Something like this could easily become part of the Reagan second-term platform. He has endorsed the first three provisions already, and at times in the past has spoken approvingly of the last two.

There is obviously much to question in this prescription, including the propriety of writing economic theory into the Constitution. But it is not a puerile or inconsequential notion. Knowing Mr. Reagan's fondness for Martin Anderson and the president's desire to institutionalize "the Reagan revolution" beyond his own time, I would think the Democrats had better start preparing their rebuttal.

The Washington Post.



Beyond Geopolitics: Can America Fathom the Third World?

By William Pfaff

MOHENJO DARO, Pakistan—The United States ended World War II as the champion of decolonization and world organization. It pressed the European colonial powers to set their possessions free. It supported a certain kind of political and social development which expected political evolution in the Afro-Asian countries toward the model of the United States itself. After all, was not the United States a former colony, a successful revolution?

This was illusion. The discrepancy between what America was and is, and what Asians and the other people of the ex-colonial world have experienced, is so vast as to make even ordinary communication extremely difficult. Far from serving as model for Third World development, America now finds itself blamed for virtually everything that has damaged the well-being and interests of the people of Asia, Africa and Latin America. It is held responsible for the disappointments of modernization itself.

That may be preposterous, grotesque, unfair; it is a fact of contemporary politics. The reaction of the Reagan administration has been to strike back against its critics, refusing to accept those criticisms, talking back in the United Nations and UNESCO. And now it is simply clearing out of UNESCO, giving notice that the United States will be gone at the end of 1984.

There is a good deal to be said for this. It has cleared the air of much hypocrisy and cant. Nonetheless, there is reason to believe that American withdrawal from UNESCO will in the end do serious damage to both sides.

UNESCO has come, more than any other of the UN agencies, to serve not only the needs but the anxieties of the Third World countries. Precisely this lies behind the organization's so-called politicization—a kind of radical appropriation of UNESCO, a reverse colonization of an institution conceived by the West and meant to serve Western ideas, and American ideas above all. The United States was the principal advocate of a one-nation, one-vote international organization from the time of Woodrow Wilson and the League of Nations.

What has happened to UNESCO is an effort by Asian, Latin American and African countries not only to make the organization serve their interests but to uphold their grievances and assuage their self-doubts.

Asia is antiquity. The archaeological site at Mohenjo Daro, which reveals a sophisticated city 5,000 to 8,000 years old, and an Indus Valley civilization of which we today know virtually nothing, is a supreme example of this.

Asia possessed civilization, language, religion, art, technology and mathematics when Europeans still hunted with axes.

It is only since the 15th century that the West has obtained and enlarged its edge of power and technique. The unspoken question of why this should have been, and why it continues, is what lies behind the controversies at UNESCO.

The U.S. government is not one which responds with much sensitivity to philosophical and historical considerations. Nor is it bureaucratically capable of thinking very far ahead. Its current relationship to Pakistan is, for example, based upon limited strategic considerations.

Pakistan borders on Afghanistan, and Afghanistan has been invaded by the Soviet Union. Pakistan harbors some 3 million Afghan refugees and is the means by which some support gets to the Afghan resistance. It takes a courageous line in defiance of the Soviet invasion of that country, most recently at the Islamic summit in Morocco this month. Pakistan also borders on the Arabian Sea and the Gulf of Oman, where the United States has seen a Soviet threat to Western access to Gulf oil ever since the dual crises in Afghanistan and Iran. Baluchistan, in the west of Pakistan, experi-

ences some separatist tensions. A standard American crisis scenario foresees Soviet sponsorship of Baluchistan's detachment from Pakistan and consequent Soviet land access to the Arabian Sea. That scenario may be overwrought, but it is taken seriously in Washington, and perhaps in Islamabad as well.

But a strategic relationship with Pakistan is probably unsustainable in the long run if the United States is otherwise estranged from the Third World and increasingly hostile to the mainstream of Afro-Asian feeling. Certainly the United States cannot be both a friend of Pakistan and the enemy of an Islamic revival which is an important factor in Pakistan today, as well as in Iran, and which is likely to be a force of lasting consequence in the region.

Is it possible for the U.S. government to enter far enough into the intellectual and emotional world of the developing countries to deal seriously with them, grasping the force of what lies behind their actions? If UNESCO is to be more than a United Nations agency, it cannot, and can only insist to Asians and Africans that they should fear Russia and be grateful for the multinational corporation, then withdrawal is perhaps Washington's better course. That, in any case, is the scale of what is at issue.

International Herald Tribune.

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LETTERS TO THE EDITOR

Iraq Now a 'Moderate'

It was surprising to learn from Judith Miller's report ("Egypt to Hold Talks Soon With Jordan and PLO") in your Jan. 21 issue that Iraq is now listed among "moderate Arab states and groups." Up to now Iraq had been considered to be one of the most radical of the Arab states. What brought about the change of status? Is it possible that Iraq's invasion of Iran in 1980 and its continued bombardment of civilian targets have been completely overlooked?

Another report sees a danger allegedly posed by Iraqis in America. But they are there because of estrangement from the Tehran regime.

M.M. DOURAGHY,
Basel, Switzerland.

Learning From Israel

As a linguist primarily concerned with the theory and practice of saving the vanishing languages of national minorities, I was pleased to see the letter from Professor R. Zvi Wexler, of the Hebrew University in Jerusalem, dealing with the attempts to preserve the living Aramaic language (Letters, Jan. 16).

It seems fitting that attempts of this kind should come from the country which achieved the nearly impossible task of preserving its language for two stateless millennia, modernizing it and making it the state language again. No matter what one's political views are, in the matter of saving languages all the world's minorities have a lot to learn from Israel. Let's hope the Aramaic school will be the first step in saving this ancient language from dying out.

PIOTR KLAFKOWSKI,
Solberg, Norway.

Bruphags All Abulging

I write as a subscriber of many years to the Herald Tribune, which I believe to be the best newspaper on either side of the Atlantic. It is my source of knowledge of what is happening in my own country and abroad. My attention has now been drawn to a report in the Jan. 14 issue entitled "Coldest Study in U.S. Hailed as 'Landmark.'"

There is no need for doctors to devote such long study to the obvious. In my many visits I watch the American male grow fatter and fatter, developing what we call in the Hebrews a *bruphag*—a pot belly more prominent by depending on a belt to hold up the trousers.

Of course such a vast amount of lard is a trial to the heart and circulation. The cause is eating.

American restaurants give one a plate of food that is enough for three normal creatures. When I once asked a waitress why these enormous helpings, she replied that her customers expected it. The waste that is left on the plates is revolting. This does not happen in France or Britain, where the servings are reasonable.

But I must say again how much this house enjoys your paper, every page, and are grateful for it.

MARGARET S. CAMPBELL,
Isle of Canna, Scotland.

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ARTS / LEISURE

American Folk Hero for Soviet Bloc

By James M. Markham
New York Times Service

BERLIN — On one wall of the room in East Berlin an American flag hangs upside down. On a shelf stands a gold record from the Bulgarian record company Balkanton for more than a million records sold in Bulgaria. On another wall is a signed photograph of Yasser Arafat. Another photo shows the room's owner strumming a guitar with the fiddle in southern Lebanon, a Soviet rifle cradled between his knees.

Dean Reed, a shaggy-haired son of Colorado, was explaining how he got the call to the other side. It was in 1965 at a World Peace Council gathering in Helsinki, he said, and the Chinese-Soviet split had produced a terrible confrontation among the delegates.

Asked to sing and calm the comrades' spirits, he marched into the audience and made Chinese and Soviet delegates clasp hands and join him in "We Shall Overcome."

"I was supposed to sing for 10 minutes but I sang for an hour," recalled the 45-year-old American, with a teen-ager's grin.

A Soviet official approached him and said: "We need you in Moscow." Dean Reed has never turned back.

Not exactly a household word in Denver or Kansas City, Dean Reed is a folk hero in Moscow, Prague, East Berlin and Sofia. In a pleasant, thin voice, he belts out peace-loving, anti-American country ballads throughout the Warsaw Pact nations — though not in Poland — and writes, directs and stars in movies. He is an East Bloc superstar, the Johnny Cash of Communism.

Inclined to an unimaginative country-and-western repertoire stuck somewhere in the late 1950s, Reed sells disks by the millions on the Melodiya label in the Soviet Union, Adria in Czechoslovakia, and Balkanton. In his younger years, he stirred crowds to frenzy at Moscow State University, but now Missoula treats him with the kind of respect due, say, Conway Twitty.

"Some music theorists," concedes the jacket blurb on his latest Czechoslovak album, "would perhaps polemize with us on the purity of the style whose cradle is Dean Reed's own homeland, but it should be noted that Dean sings about the Wild West in a way that is consistent with his ideas and his makeup as an artist."

The jacket cameo says Reed "can confirm

that his life outlook is essentially an optimistic one, and that no vicissitudes of fate or loss of homeland have robbed him of his good cheer or vitality."

Reed has not lost his homeland; he gave it up to live in considerable luxury in a big suburban house by a lake on the Communist side of the Berlin Wall. He keeps his U.S. passport and every year files a declaration of no income to the Internal Revenue Service.

His road East led from two years at the University of Colorado to Hollywood, where he briefly recorded for Capitol, and then to South America, where one of his songs, "Our Summer Romance," hit the top of the charts in 1961. He still has yellowing clips showing him No. 1 in Buenos Aires — ahead of Elvis Presley, Paul Anka and Neil Sedaka.

A pacifist by the time he got to South America, Reed said he discovered there the inequities of mass poverty and Yankee imperialism. In 1965, he said, he was arrested in Argentina because of his Marxist leanings.

Family dramas, too, seem to have steered Reed to the certainties of Marxism. He said his father ("a dictator") was a ruthless school teacher and a John Birchler who killed himself a year ago because he could not afford to buy a new artificial leg.

"We have other reasons to commit suicide in socialism, but not this," said the American, swiveling in a chair overlooking the wind-ruffled Zentnersee. His motorboat was up on blocks for the winter. Did he ever think of sending his father money? "My father was very proud," he said.

Since 1973, the singer has lived in East Germany, where he is given carte blanche to make movies and songs. His first marriage, to an East German woman, broke up, and he pays \$300 a month to a teen-age daughter who chose to live in capitalist California. He is now married to Renate Blum, an East German actress, who played Jenny Marx in a Soviet film about Karl Marx.

"I think the main priority in life is not to have anger about the future," said Reed, who fumbles at times for words in English. "And I think that people in socialism don't have anger. I believe that socialism is a humane system, not capitalism."

He explains away the wall that separates East and West Germany with the regime's line that it was meant to keep Western agents and saboteurs out, not a fleeing population

in. "I think the GDR state had the right to defend itself with this wall," he said, using the English initials of his adopted homeland, the German Democratic Republic.

"Why are people shot fleeing over the wall?" "That's a problem obviously I cannot defend," he said. "But the police of Dallas have shot more of its own people than the police of the GDR."

There are no gulags in Soviet Union, he said; that was a Stalinist aberration. The Polish state had a right to defend itself from Western agents hiding behind Solidarity. Reed "sent help" to Afghanistan to prevent the United States from establishing a hostile regime in Kabul. There is no democracy in the United States, just a political choice between "Coca-Cola and Pepsi-Cola."

Asked about arrests of pacifists in East Germany, Reed talked of "priorities," keeping the anger level down, satisfying the needs of the belly. Unlike in New York, he said, there is no crime around the Zentnersee. "Here, I don't have to go into the street to protest," he said proudly. "Here, I can walk into the Central Committee and talk about the problems, which I do sometimes." But he conceded that East Germans who are not celebrities do not have this privilege.

The Soviet Union gave Reed the Komsomol Lenin Prize. His wife has one, too. He has received about every peace medal the East has to offer.

"Of course I get homesick, especially at Christmas," he said; his home huns to the sounds of U.S. radio from West Berlin. What does he miss? "Hamburgers and malts. No, that's a joke. What I miss most is speaking my own language."

He said his friend Phil Everly, of the Everly Brothers, visited him, and the two laughed all night. Mrs. Reed, who thought her husband had no sense of humor, was surprised. Reed explained that it is hard for him to make jokes in German.

Irony, like humor, can slip away from an American expatriate. Reed showed a visitor a cutting from Variety describing his East German film, "Sing, Cowboy, Sing." "Should be caught by film fest buffs," said Variety. "It's a howl."

"I think that's positive," said Reed, flashing a tentative smile.



Dean Reed in his East Berlin home.

5-Year Cultural Plan
Announced by Greece

United Press International

ATHENS — The government has announced that it will spend \$3 million in the next five years to build museums, finance excavations and restore ancient monuments throughout Greece.

The project, initiated by President Constantine Karamanlis, will be supervised by the Ministry of Culture and the Greek Archaeological Society, officials said Monday. Sites for new museums will include Mycenae, the 13th century B.C. capital associated with Agamemnon, and the Athens home of Heinrich Schliemann, the archaeologist who discovered Mycenae and Troy.

Excavations will begin at the Idaion cave in Crete, where bronze shields from the 9th century B.C. were found, and at other ancient caves in the areas of Athens and Thebes.

'Master Class': Music in a Dictatorship

By Sheridan Morley
International Herald Tribune

LONDON — Power plays have always made good box office, and David Pownall's "Master Class" (at the Old Vic in a Leicester Haymarket production by Justin Greene) is no exception. We are in Moscow in 1948: a musicians' union conference has been summoned, not (as Western observers might expect) to discuss copyright repeat fees on Soviet radio but to consider the future of piano-bashing in an ideal Stalinist state.

Tone-deaf Joe from Georgia therefore summons to the Kremlin two of the conference delegates, Prokofiev and Shostakovich, firstly to frighten the daylight out of them and secondly to enlist their aid in the composition of a folksong cycle suitable for the new dawn.

Though there was indeed a musicians' union conference in Moscow in 1948, Prokofiev was too ill to attend it and there is no evidence that Stalin invited any of the delegates to his place for after-hours lessons in musical appreciation.

But here, as in Robert David MacDonald's recent "Summit Conference" (about the meeting of the mistresses of Hitler and Mussolini), a dramatist has seen in an imaginary backstage confrontation a way of highlighting political truths.

Thus we get to meet the cringing Shostakovich (David Bamber), the patrician, ailing Prokofiev (Peter Kelly), Stalin (Timothy West in another of his Madame Tussaud's gallery of from-the-life impressions) and a Soviet marshal (Jonathan Adams) in a four-handed conversation piece that rambles over a wide variety of arguments about the role of music in a police state.

Essentially all we have are two doomed composers being shouted at by two old soldiers; but Pownall's achievement lies in the subtlety of their differentiation. Stalin

is in no doubt about his role: "I am the past; I make the present; I will supervise the future." Music is just one item on an endless agenda of things to be dealt with on the long route to totalitarianism: it needs to be purified and given back to the people, preferably in the form of

THE LONDON STAGE

folk music — and who better to guide it than a man who, as Stalin memorably says of himself, is "more folk than any of you. I am the ultimate folk."

To establish his musical superiority, just as he has already established his political superiority, he has first to destroy the past, and that is easily done, in a stunning first-act closing routine in which he ritually smashes a Prokofiev record collection across the back of a chair. (Had the invention of the long-playing record in the United States come only a year or two earlier, Pownall might not have had a play.)

While Stalin is smashing the musical past, watched by the increasingly terrified Shostakovich, Prokofiev alone has the arrogance and courage to start outlining the limits of the musical support that Stalin can reasonably expect from his composers.

Already so ill, suggests Pownall, that he can afford not to fear death quite as much as Shostakovich, it is Prokofiev who with an infinitely weary kind of elegance measures up for the final battle as if aware already that both Peter and Wolf might outlive even communism.

But what in the end is wrong with Pownall's play is its inability to decide whether it is a comedy about a mad dictator trying to compose a folk opera with two professionals of widely differing musical training or whether it is a drama about the role of the artist in a totalitarian state.

As a result there is a good deal of both, and yet not enough of either

to make for a totally enthralling evening. Its fundamental seriousness, however, and the quality of its quartet-playing does happily suggest that the new Vic is in the legitimate drama business as well as that of touring musicals.

Recently at the Oxford Playhouse, and soon to be at the London Tricycle (from Feb. 21), Muriel Nazzari's "Playboy of the West Indies" is a joyous reworking of Synge's Irish classic about the likely lad who erupts into an isolated barroom after the apparent murder of his father. All fears that there might be something very gimmicky in moving the "Playboy" from the remoteness of Ireland in 1912 to that of Trinidad in 1950 are dispelled by the warmth and care and love that Nazzari has brought to his adaptation.

Though the essentially rain-soaked Irish tale has now been dried and bleached by a West Indian sun, and though the original poetry has of course been lost, we have in its place something so wholly faithful to the spirit rather than the letter of the original that it has given new life to a play that was in danger of being relegated to the museum.

Pegeen Mike is now Peggy (Joan Ann Maynard) and though now we feel that she will perhaps survive the loss of the only playboy of the Western world, her performance is perfectly in tune with that of Ken (originally Christy), played by Jim Findley, whose arrival in her father's rum shop is the cause of all her troubles. Mona Hammond is Mamma Benin, a wonderfully mad old bag.

This was always a play about an incestuous and cut-off community brought to life by a liar and a braggart, and Muriel's reworking has changed none of that: it simply establishes that Synge was indeed writing not just to Ireland but of the world.

Support for Arts Declining in Europe

By Jon Nordheimer
New York Times Service

SUPPORT for the arts in Britain and other West European countries is entering a period of trial and challenge as financially hard-pressed governments cut cultural subsidies.

In Britain, an end-of-the-year grant by the government wiped out the large deficits of the Royal Opera House and the Royal Shakespeare Company. But less well-established companies, and artists that make up the grass roots of the nation's cultural life face a bleak prospect that could impair careers and darken theaters.

Especially vulnerable, experts say, are nontraditional and experimental art forms and minority and women's performing groups.

"There's no magic figure to the number of fund cutoffs," said Luke Rittner, secretary general of the British Arts Council, an independent body that distributes nearly \$140 million of government money to 1,200 artists, performing companies, theaters and community groups. "But make no mistake. We cannot afford to keep the number of clients we presently have. There's going to be lots of blood, guts and gore before this transition is over."

Shrinking budgets are forcing the British to take a new look at the

U.S. model of private and corporate sponsorship of the arts, once scorned in Europe. Revising the tax law to provide greater incentives to business patrons has no strong political support, however.

Elsewhere in Western Europe the picture is less ominous, but austerity measures in some countries are beginning to dry up public money for unrecognized artists and performers.

Many governments making decisions on cultural budgets in northern Europe are center-right, conservative politicians taking over from Socialist governments. They tend to favor established art institutions over experimental or fringe groups and subsidize companies essential to tourism or artists who have proven records of commercial achievement.

"Money for subsidizing unknown artists and less-popular guest performances or innovative work is just not available," said Jürgen Grabbe, cultural adviser of the West German Association of Cities.

In Amsterdam, artists conducted a sit-in in December at the Rijksmuseum to protest the elimination this year of three-fourths of the annual \$43-million state allowance to 3,500 professional artists.

Spending for state cultural flagships such as the Concertgebouw

Orchestra has been maintained at current levels.

In Italy, national subsidies have fallen alarmingly in recent years, according to the Ministry of Culture. La Scala, the state-supported opera house in Milan, had to eliminate a huge budget deficit by 1985 by cutting production numbers this season and increasing ticket prices.

Governments are also imposing economies on the upkeep of monuments, museums and historic places, restricting purchases of art works and canceling public exhibitions and festivals.

Theater, music and the entire spectrum of the arts is what gives a city its quality, makes it a place worth living in," said Ludwig Kottler, cultural administrator for Augsburg, West Germany, who this year had to strike three concert series from the city's music calendar when his budget was cut by the equivalent of about \$800,000.

Denmark, citing the importance of cultural mainstays such as the Royal Danish Ballet to tourism, has not cut the Ministry of Arts budget. But, as in other countries, ticket prices are being raised.

"At the moment, the state subsidizes 40 percent of the price of a ticket to the Royal Theater," said the Danish minister of culture, Mimi Stilling Jakobsen. "People who can afford the best seats in the house should not be subsidized, and I will be recommending next month a 30-percent increase in ticket prices for the best seats."

France, another country where culture is a major industry, has continued to increase spending for the arts under President François Mitterrand, a Socialist, despite the retreat on spending that his government began last year. The 1984 cultural budget amounting to almost \$1 billion is 15 percent higher than last year's, a reflection of the French leader's view that the arts, especially film, is an area where jobs can be created.

In Britain, the Conservative government of Prime Minister Margaret Thatcher plans to abolish the Greater London Council and six other regional bodies that administer metropolitan districts in England. These councils give large subsidies to local and regional artists and organizations, and the London council's arts and recreational budget alone is half the total of the national subsidy distributed through the Arts Council. Many recipients of money from the London council depend on it completely. Moreover, it is one of the most aggressive providers for minority and experimental arts groups and contributes to major institutions such as the National Theater, London museums and historic houses.

The government says that after the councils are abolished by 1986, it expects their commitments to the arts to be picked up by borough governments. But many critics doubt that the 32 boroughs in Greater London will want to raise local taxes to benefit the arts.

Bronze Nudes Won't Go To Summer Olympics

United Press International

LOS ANGELES — Italy's prime minister, Bettino Craxi, has decided not to let two bronze figures of ancient Greek athletes be displayed at the Summer Olympics, the Los Angeles Times said Tuesday.

Experts said the nude male figures, known as the Riace bronzes after the Mediterranean town where they were found 12 years ago, were too fragile.

It's not impolite to ask the age of a Lufthansa plane.



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Lufthansa
German Airlines

Unions Set to Rule Out Strikes at Spy Center If Thatcher Drops Ban

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NYSE Most Actives				
Symbol	High	Low	Open	Close
AT&T	124 1/2	124 1/4	124 1/4	124 1/2
IBM	124 1/2	124 1/4	124 1/4	124 1/2
GE	124 1/2	124 1/4	124 1/4	124 1/2
AMC	124 1/2	124 1/4	124 1/4	124 1/2
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Dow Jones Averages				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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NYSE Index				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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Tuesday's NYSE Closing				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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AMEX Diaries				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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NASDAQ Index				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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AMEX Most Actives				
Symbol	High	Low	Open	Close
AT&T	124 1/2	124 1/4	124 1/4	124 1/2
IBM	124 1/2	124 1/4	124 1/4	124 1/2
GE	124 1/2	124 1/4	124 1/4	124 1/2
AMC	124 1/2	124 1/4	124 1/4	124 1/2
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NYSE Diaries				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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Odd-Lot Trading in N.Y.				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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Standard & Poors Index				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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Dow Jones Bond Averages				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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AMEX Stock Index				
Index	High	Low	Open	Close
Indus	124 1/2	124 1/4	124 1/4	124 1/2
Comp	124 1/2	124 1/4	124 1/4	124 1/2
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U.S. Warns EC On Gluten Limits

United Press International

WASHINGTON — The United States told the European Community Tuesday that it would retaliate against EC limits on American corn gluten feed exports.

The State Department sent the warning Monday through U.S. embassies in the 10 EC countries and to the U.S. mission at EC headquarters in Brussels. The United States and the European Community, with about \$90 billion in trade in 1983, also are warning each other about restrictions and penalties on steel imports.

U.S. exports of gluten, a corn byproduct used for livestock feed, totaled more than \$500 million in 1983. The EC has considered a move to limit gluten imports because they compete with costlier European grain products.

The State Department said it told its embassies to emphasize these points in talking with the European governments:

- "The United States finds no justification for efforts to limit the imports of corn gluten."
- "The United States would be forced to take measures to protect its trade interests if the European Community were to implement import restrictions unilaterally."

"If adopted, [the European measures] will result in trade-restricting measures detrimental to both the European Community and the United States. U.S.-EC trade relations will worsen."

Although no import limitations have yet been set by the EC, the commission that sets the community's policy has taken the first steps to change the present zero-duty status for corn gluten feed.

EC Pressing Japan

European Community officials said Tuesday that at a meeting with the United States, Canada and Japan this week in Florida, the EC will urge Japan to open its market to imports of manufactured products, United Press International reported from Brussels.

LJUBLJANSKA BANKA FLOATING RATE NOTES 1978/85

For six months, 23 January 1984 to 22 July 84 the notes will carry an interest rate of 11.0625 % per annum.

The interest due in July 23, 1984 against coupon number 12 will be \$US 55.93 and has been computed on the actual number of days elapsed (182) divided by 360.

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WEDNESDAY, FEBRUARY 1, 1984

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BUSINESS PEOPLE

Finnish Bank Is Planning to Expand London Presence by Opening Branch

Kansallis-Osake-Pankki plans to be the first Finnish bank to open a branch abroad. The Helsinki-based bank recently opened a representative office in London and named Erika Laakkonen, Peter Fagerman and Markku Vassari representatives. KOP plans to upgrade its London office to a full branch this spring. Mr. Fagerman said, adding that the bank is waiting for the green light from the Bank of England.

Mr. Fagerman said that previously in Nordic countries, only Danish banks were allowed to open branches abroad. A recent policy change at the Bank of England permits the opening of full service branches of Finnish banks overseas.

KOP currently has subsidiaries in Luxembourg and Nassau and affiliates in New York and Zurich. It also has a representative office in Moscow. Mr. Fagerman said that KOP decided to establish its own London operation following its sale last August of its 25-percent holding in London-based Nordic Bank.

Mr. Fagerman moves to London from Helsinki, where he was manager of KOP's overseas operations department. Mr. Laakkonen was deputy managing director of Kansallis International bank in Luxembourg. Mr. Vassari joins from Nordic Bank.

Exco Appoints New York Executive

Exco International PLC, the London-based financial services company, is posting its first senior executive in New York. Richard Davey, 35, will serve as a director of Exco and president of its U.S. holding company. Mr. Davey formerly was a corporate finance specialist at the London merchant bank of N.M. Rothschild & Sons Ltd., of which he remains a director.

Exco has branched out rapidly in recent years from its base in money brokerage. Its interests include gold brokerage, fund management, a Hong Kong-based stockbrokerage and 51.5 percent of Telestar Inc., a U.S.-based financial information service. John Gurney, Exco's managing director, said Mr. Davey will spearhead the company's development of fund management, venture capital and institutional stockbrokerage activities in the United States.

Other Appointments

Exxon Corp. has appointed Sir Hector Laing a director, effective May 17. Sir Hector, chairman of United Biscuits (Holdings) PLC since 1972, is the only Briton on the board of the New York-based oil and gas concern. The only other European on the board is Otto Wolff von Amerongen of Germany.

Exxon also said that Sir Richard Dobson, former president of BAT Industries, will not stand for reelection, having reached the retirement age of 70. Sir Richard has been a board member since 1975.

Chemical Bank International Ltd., a unit of the New York-based bank, has named John Astbury and Alexander Gibson managing directors in London. They also will become the senior officers in charge of Chemical's international investment banking activities, which include operations in Hong Kong, Tokyo and London. Mr. Gibson has served as deputy managing director of Chemical Bank International since 1981.

Mr. Astbury has been head of the London treasury operations since 1981.

Lord Richardson, who retired last June as governor of the Bank of England, has been named to the board of Saudi International Bank. Lord Richardson succeeds Lord O'Brien, also a former Bank of England governor, who is retiring after serving as a director since the Saudi Bank's founding in 1975. Lord O'Brien will remain chairman of the audit committee of Saudi International, which is 50-percent owned by the Saudi Arabian Monetary Agency.

Greyhound Financial & Leasing Corp. AG of Zug, Switzerland, has appointed Richard Grim managing director, succeeding Brian E. McHugo, who left "to pursue other interests," the company said. For the last 18 months, Mr. Grim has served as president-director of P.T. Gemini Greyhound Leasing Indonesia, a Jakarta-based finance affiliate of Greyhound Corp. of Phoenix. Greyhound Financial & Leasing is a medium-term secured lending affiliate of Greyhound.

Morgan Guaranty Trust Co. of New York has appointed Helmut Mancher to its international council, which comprises leaders in business and public life from 16 countries who meet periodically and advise the bank's management on matters affecting international operations. Mr. Mancher is managing director of Nestlé SA of Switzerland.

Ricoh U.K. Ltd. has appointed Frank Matsuo, marketing director, succeeding Simon Sasaki, who was transferred to the international division of the Tokyo head office. Ricoh makes copiers and other office equipment.

—BRENDA HAGERTY in London

U.S. Steel Reports Huge Loss

Quarterly Deficit Was \$983 Million

The Associated Press
PITTSBURGH — U.S. Steel Corp. on Tuesday reported a \$983-million loss for the 1983 fourth quarter, the largest quarterly loss in the company's history and fourth-largest in U.S. corporate history.

The No. 1 steel producer in the United States posted a \$1.16-billion loss for the year, including a \$1.15-billion pre-tax writedown associated with plant shutdowns.

A year ago it had a loss of \$363 million in the fourth quarter and posted a deficit of \$361 million for the year.

Sales were \$4.7 billion for the 1983 fourth quarter, up from \$4.3 billion, and for the year, sales were \$17.5 billion, down from \$18.9 billion.

Chairman David Roderick predicted a "major turnaround" this year.

"As the economy continues to strengthen, we anticipate that our three major business components and the corporation in total, will be profitable throughout 1984," he said.

The company's steel businesses posted a 1983 operating loss of \$634 million, \$218 million better than 1982 results despite only a modest increase in shipping levels and a \$381-million decline in sales.

Oil and gas operations generated \$1.1 billion before foreign income taxes totaling \$588 million, compared to 1982 income of \$1.2 billion before foreign taxes of \$572 million.

U.S. Steel cited lower worldwide prices for liquid hydrocarbons, reduced profit margins on refined products and decreased production of domestic liquid hydrocarbons and natural gas.

The most money ever lost by a U.S. corporation in any three-month period was the \$4.87-billion deficit reported by American Telephone & Telegraph Co. for the 1983 fourth quarter.

Hutton's Profit Plunges
E.F. Hutton Group Inc., parent of one of the largest brokerage houses in the United States, said Tuesday that its profit in the final quarter of 1983 plunged 79 percent from a year earlier, mainly because of lower securities trading volume.

The Associated Press reported the company said it had earned \$8.5 million, or 33 cents a share, in the fourth quarter, compared with \$40.8 million, or \$1.70 a share, a year earlier. Revenue rose to \$568 million from \$508 million.

Hutton also said it had established a special reserve of \$20 million in connection with its participation in the sale of annuities on behalf of Baldwin-United Corp., the insurance company that is reorganizing under bankruptcy law protection. Some holders of the Baldwin-United policies have contended that Hutton and other brokerage firms that sold the annuities should be held liable for damages because they knew the annuities were unsafe. The brokerage firms deny the charge.

Intel Swamped by Surging Demand

U.S. Chip Maker Is Forced to Refuse Orders

By Thomas C. Hayes
New York Times Service

SANTA CLARA, California — More than seven months ago, with orders for its microprocessor chips pouring in, executives at Intel Corp. began discouraging business from new customers.

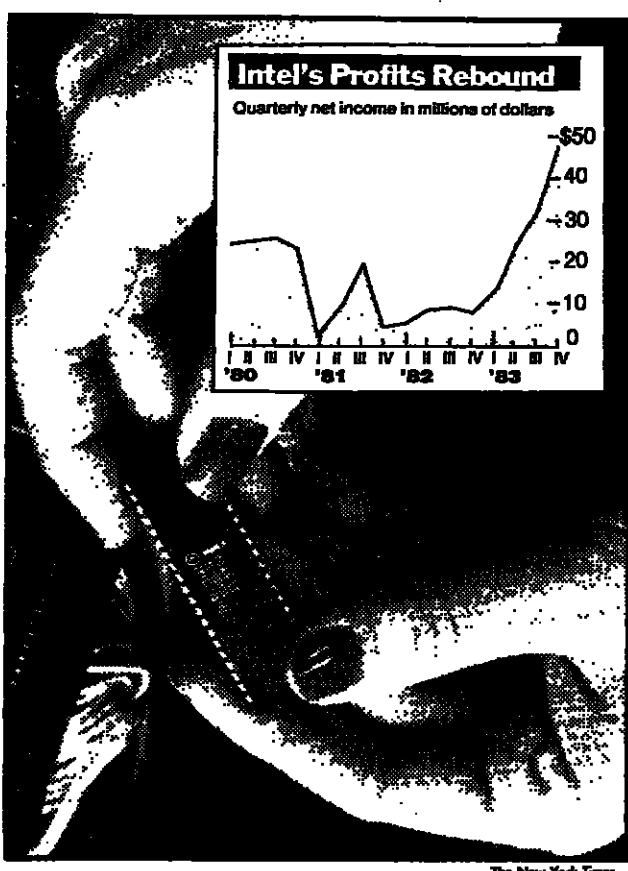
Demand has been so great, Intel officials said, that at least one desperate customer offered a bribe to guarantee delivery. Others took their business to other companies, even placing multiple orders in hopes that at least one would come through.

But Intel said it would give priority to established customers, although even they sometimes did not get all they ordered.

Intel, like other makers of microprocessors, was caught off guard by the huge surge in demand. The Silicon Valley company was not sure a year ago whether it would make money in its first quarter. But the economic recovery, combined with an increase in the use of microprocessors in many segments of industry, turned a semiconductor surplus into a shortage. Intel could not fill all the orders it had for its most popular products.

Intel's policy of filling orders primarily for established customers could be read in some circles as a concession to its biggest shareholder, and biggest customer, International Business Machines Corp.

IBM accounted for about 10 percent of Intel's \$1.1 billion in sales last year, much of it for the 16-bit 8088 microprocessor that powers its enormously successful Personal Computer. It has been



Intel's largest shareholder since it acquired 12.5 percent of the company in December 1982 for \$250 million, a stake that since has been raised to 17 percent.

In addition, nearly every maker of computers compatible with the IBM PC also uses the 8088 microprocessor. And analysts and those in the industry say the shortage could continue for another 18 months, until new production capacity has been completed.

Yet industry analysts and executives with such Intel customers as Tandy Corp., Compaq

Computer, Convergent Technologies and Ford Motor, say Intel's system for allocating its chips appears to be even-handed. Most, however, say they would be happier with bigger shipments.

"Intel has to keep its nose clean, because of its relationship with IBM, and my perception is that they have managed it quite well," said Daniel L. Klees, an analyst with Montgomery Securities in San Francisco.

But Convergent Technologies, which has a new product that (Continued on Page 11, Col. 3)

Leading Index In U.S. Climbed In December

By Jane Seaberry
Washington Post Service

WASHINGTON — The government's index of leading economic indicators rose 0.6 percent last month, resuming growth after a slight decline in November and reflecting moderation in the economy's expansion.

The indicators grew at a slower rate than in previous months except for the revised 0.2 percent decline in November. The index had been growing at a fast clip, increasing by 5.9 percent during the first quarter, by 4.7 percent in the second quarter and 2.8 percent in the third quarter, the Commerce Department said Tuesday.

Meanwhile, the department reported separately that sales activity in the southern United States accounted for the sharp rise in sales of new one-family homes in December, the largest one-month increase since 1963. Sales rose 28 percent from November and were 53 percent above December 1982.

The preliminary estimate for growth in the indicators for the fourth quarter last year is 2 percent, the Commerce Department said. The decline in November was the first drop in 14 months. The leading indicators foretell future economic activity.

The moderation was hailed by economists as evidence that the economy should not overheat this year and lead to a resumption of inflation.

"The leading indicators resumed their growth in December, following November's modest setback," said Commerce Secretary Malcolm Baldrige. "With every monthly improvement in the leading index, the roots of this economic expansion grow deeper."

"The bounce back of the leading indicators points to continued recovery in the months ahead," said Martin Feldstein, chairman of the Council of Economic Advisors.

The moderating growth is consistent with analysts' predictions of growth in the nation's output this year of between 4.5 percent and 5 percent after roaring at a 9.7 percent rate during the second quarter

and 7.7 percent in the third quarter. The biggest risk we have right now is inflation would heat up again," said Robert Ortner, chief economist at the Commerce Department. "That would mean the beginning of the end of the expansion."

One of the indicators that provided both good news and bad news was the increase in business and consumer credit which means that business activity should continue relatively strongly.

However, it could also bring about a clash with federal government borrowing in credit markets that could mean real interest rates could stay high or move higher.

Brock Warns Of Quick Fix For Trade Gap

Washington Post Service

WASHINGTON — U.S. Trade Representative William E. Brock Tuesday warned Congress against trying any quick fix for the record trade deficit, which he called "the weak link in our economic recovery," but predicted are likely to continue soaring until 1986 before turning around.

"What we have to do is grab and hold on this year and maybe next year," he told the Joint Economic Committee in answer to a question of what Congress could do to lower the U.S. trade deficit.

After that, however, Mr. Brock said the United States should have six to eight good years of positive trade balances "if we hold firm and don't make any mistakes now."

He laid the largest portion of blame for growing merchandise trade deficit — which hit record heights for the past two years and is expected to jump over \$100 billion this year — on the strong dollar, which he said was overvalued by 40 percent.

NYSE Prices Ease in Heavy Trading

United Press International

NEW YORK — Prices on the New York Stock Exchange eased Tuesday as an afternoon rally attempt fell short. Trading was heavy, reflecting investor concerns about earnings and interest rates.

Some traders were nervous about the huge deficit that will be in the budget President Ronald Reagan presents to the nation Wednesday. They also were disturbed about Xerox's earnings outlook.

The Dow Jones industrial average, up 2 points at mid-afternoon after falling 8.48 Monday, shed 0.94 to 1,220.58, the lowest level since it hit 1,214.94 on Nov. 8. The Dow lost 38.06 for all of January. But the Dow transportation average, a 14.97 loser Monday, rebounded 2.51 to 555.69 and the Dow utilities average added 0.05 to 152.76.

Declines topped advances 870-720 among the 2,000 issues traded. Volume totaled 113.5 million shares, up from 103.1 million traded Monday.

"This was another discouraging day in that you had sellers in the wings waiting for a chance to exit

rather than join the next move up," said Michael Metz of Oppenheimer & Co.

"The market psychology has changed," he added. "Everybody was jumping on at the beginning of the bull market and now they are all jumping out. Margin accounts were not good and I expect to see some forced liquidation soon."

"The market seems to have downside momentum and is losing sight of good economic news," said Harry Vilcek of Sutro & Co., Palo Alto, Calif. "It's like a virus. It has to run its course."

"Institutional money managers have talked for a while about 1984 being the year of diminishing expectations," said Carolyn Coles of Paine Webber. "They didn't act that way at first but now they are. They're reacting to bad news and not good news."

Manufacturers Hanover was the most active NYSE-listed issue, up 1/4 to 40 1/2 with a block of 5,000,000 shares trading at 40 1/2.

National Semiconductor was third on the list, off 1/4 to 14 1/4. The New York Times said National Semiconductor was expected to be

indicted by a federal grand jury on criminal charges of inadequate and fraudulent testing of as many as 26 million chips used in weapons and other military equipment. But other reports said the 2 1/2-year investigation was continuing.

Xerox, which reported fourth-quarter earnings of 64 cents a share, about level with 63 cents a share a year earlier, plunged 5 to 44. Xerox said 1984 earnings would be lower than expected.

Commodore International skidded 5 1/2 to 36. Four executives have resigned from the company in the two weeks since founder Jack Tramiel left Commodore abruptly.

IBM, which declared a regular quarterly dividend of 95 cents a share, added 1/4 to 114 1/4.

Diebold climbed 3 1/2 to 71 1/2. The company reported fourth-quarter earnings of \$1.91 a share, up from \$1.15 a year ago.

Some other high-technology issues rebounded from recent drubbings. Honeywell rose 2 1/4 to 119 1/4, Minnesota Mining & Manufacturing 1 1/4 to 77 1/4 and NCR Corp. 1 1/4 to 120.

Japanese Shareholders: Up From Groveling

New Legal Code Changes the Authoritarian Tone of Annual Meetings

By Steve Lohr
New York Times Service

TOKYO — In Japan, the annual shareholders' meetings held by companies for their shareholders have traditionally been notorious for brevity.

Sometimes, no more than 20 minutes or so are required to steamroll management's proposals past submissive investors for approval. The American spectacle of a corporate chairman taking questions from pesky corporate gadflies has had no equivalent in Japan.

Not, at least, until quite recently. On Monday, when Sony Corp. held its annual shareholders' meeting in Tokyo, it turned out to be a 13-hour affair, with only four brief interludes for meals and coffee breaks.

When it was over, Norio Ohga, Sony's president, who stood while fielding questions from the floor, rendered his judgment on the experience. "In a word," he said, "it was exhausting."

The Sony marathon was the longest Japanese shareholders' meeting in memory. The gatherings have become considerably more drawn out since October 1982, when revisions in the Japanese commercial code went into effect. For example, an Osaka-based hotel chain's annual meeting last October ran 9 1/2 hours.

The commercial code changes made it illegal for companies to make payments to *sokaiya*, so-called professional shareholders whose vocation mainly consisted of stifling dissent at annual meetings, with varying degrees of subtlety and many tools of persuasion, including arm-twisting.

The authoritarian tone of annual meetings has long been a symbol of the plight of the investor in Japan. "In Japan, there is not even the pretense of shareholder democracy," observed Nobumitsu Kagami, an economist in Tokyo.

Despite the earnings growth of

Japanese corporations during the 1970s, they did not feel compelled to raise dividends to internationally competitive rates.

In a recent analysis, Lawrence Rapeta, a U.S. attorney and a Japan Foundation fellow, noted that the rates of return paid by companies listed on such stock markets as New York and Frankfurt has averaged about 4 percent in the past few years, while major Japanese corporations have paid average dividends of about 1.5 percent.

"The low rate of dividends," Mr. Rapeta wrote, "provides a clear indication of the superior position of Japanese management and the groveling posture of the shareholder."

The changes in the commercial code, including increased disclosure of corporate information to the public, were intended to improve the holder's posture. In part, it was Sony's progressive attitude toward the new rules that resulted in its embarrassingly long annual meeting.

"Yesterday, we had the policy of taking every shareholder's question to show that our meeting was based on the spirit of the new law," Yasuhiro Kuroda, a spokesman for Sony, said on Tuesday.

Sony had a difficult year in 1983, with profits dropping 35 percent.

Holiday

All banks, markets and government offices in Hong Kong will be closed through Saturday, Feb. 4, for the Chinese New Year's holiday.

In Kuala Lumpur, all banks, government offices and markets other than tin will be closed Wednesday, Feb. 1, for a holiday. All markets will be closed Thursday and Friday, Feb. 2 and 3.

In Singapore, gold and stock markets will be open half days for the rest of this week.

CURRENCY RATES

Rate interbank rates on Jan. 31, excluding fees.

Official ratings for Amsterdam, Brussels, Milan, Paris. New York rates at 4:00 pm EST.

	AMSTERDAM	BRUSSELS	MILAN	PARIS	NEW YORK
1.00 U.S. dollar	3.36	3.36	3.36	3.36	3.36
1.00 Swiss franc	2.00	2.00	2.00	2.00	2.00
1.00 German mark	1.93	1.93	1.93	1.93	1.93
1.00 Japanese yen	35.46	35.46	35.46	35.46	35.46
1.00 British pound	163.26	163.26	163.26	163.26	163.26
1.00 Australian dollar	1.93	1.93	1.93	1.93	1.93
1.00 Canadian dollar	1.33	1.33	1.33	1.33	1.33
1.00 Hong Kong dollar	7.80	7.80	7.80	7.80	7.80
1.00 New Zealand dollar	2.34	2.34	2.34	2.34	2.34
1.00 South African rand	1.48	1.48	1.48	1.48	1.48
1.00 South Korean won	200.00	200.00	200.00	200.00	200.00
1.00 Thai baht	20.00	20.00	20.00	20.00	20.00
1.00 Indonesian rupiah	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00
1.00 Philippine peso	48.00	48.00	48.00	48.00	48.00
1.00 Mexican peso	16.67	16.67	16.67	16.67	16.67
1.00 Chilean peso	80.00	80.00	80.00	80.00	80.00
1.00 Argentine peso	100.00	100.00	100.00	100.00	100.00
1.00 Colombian peso	200.00	200.00	200.00	200.00	200.00
1.00 Venezuelan bolivar	200.00	200.00	200.00	200.00	200.00
1.00 Peruvian sol	3.33	3.33	3.33	3.33	3.33
1.00 Ecuadorian sucre	25.00	25.00	25.00	25.00	25.00
1.00 Guatemalan quetzal	2.00	2.00	2.00	2.00	2.00
1.00 Honduran lempira	2.00	2.00	2.00	2.00	2.00
1.00 Nicaraguan córdoba	2.00	2.00	2.00	2.00	2.00
1.00 Costa Rican colón	2.00	2.00	2.00	2.00	2.00
1.00 Salvadoran colón	2.00	2.00	2.00	2.00	2.00
1.00 Honduran lempira	2.00	2.00	2.00	2.00	2.00
1.00 Nicaraguan córdoba	2.00	2.00	2.00	2.00	2.00
1.00 Costa Rican colón	2.00	2.00	2.00	2.00	2.00
1.00 Salvadoran colón	2.00	2.00	2.00	2.00	2.00

Source: Reuters. 1.25% Irish 1.25%.

(a) Commercial bank; (b) interbank; (c) amounts needed to buy one dollar; (d) amounts needed to buy one pound; (e) amounts needed to buy one franc; (f) amounts needed to buy one mark; (g) amounts needed to buy one yen; (h) amounts needed to buy one British pound; (i) amounts needed to buy one Australian dollar; (j) amounts needed to buy one Canadian dollar; (k) amounts needed to buy one Hong Kong dollar; (l) amounts needed to buy one New Zealand dollar; (m) amounts needed to buy one South African rand; (n) amounts needed to buy one South Korean won; (o) amounts needed to buy one Thai baht; (p) amounts needed to buy one Indonesian rupiah; (q) amounts needed to buy one Philippine peso; (r) amounts needed to buy one Mexican peso; (s) amounts needed to buy one Chilean peso; (t) amounts needed to buy one Argentine peso; (u) amounts needed to buy one Colombian peso; (v) amounts needed to buy one Venezuelan bolivar; (w) amounts needed to buy one Peruvian sol; (x) amounts needed to buy one Ecuadorian sucre; (y) amounts needed to buy one Guatemalan quetzal; (z) amounts needed to buy one Honduran lempira; (aa) amounts needed to buy one Nicaraguan córdoba; (ab) amounts needed to buy one Costa Rican colón; (ac) amounts needed to buy one Salvadoran colón.

N.A.: not available; N.A.: not available.

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(a) Commercial bank; (b) interbank; (c) amounts needed to buy one dollar; (d) amounts needed to buy one pound; (e) amounts needed to buy one franc; (f) amounts needed to buy one mark; (g) amounts needed to buy one yen; (h) amounts needed to buy one British pound; (i) amounts needed to buy one Australian dollar; (j) amounts needed to buy one Canadian dollar; (k) amounts needed to buy one Hong Kong dollar; (l) amounts needed to buy one New Zealand dollar; (m) amounts needed to buy one South African rand; (n) amounts needed to buy one South Korean won; (o) amounts needed to buy one Thai baht; (p) amounts needed to buy one Indonesian rupiah; (q) amounts needed to buy one Philippine peso; (r) amounts needed to buy one Mexican peso; (s) amounts needed to buy one Chilean peso; (t) amounts needed to buy one Argentine peso; (u) amounts needed to buy one Colombian peso; (v) amounts needed to buy one Venezuelan bolivar; (w) amounts needed to buy one Peruvian sol; (x) amounts needed to buy one Ecuadorian sucre; (y) amounts needed to buy one Guatemalan quetzal; (z) amounts needed to buy one Honduran lempira; (aa) amounts needed to buy one Nicaraguan córdoba; (ab) amounts needed to buy one Costa Rican colón; (ac) amounts needed to buy one Salvadoran colón.

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**Tables include the nationwide prices
Up to the closing on Wall Street**

12 Month		Stock	Div.	Yld.	PE	Sts.		Close
High	Low					100s	High Low	

(Continued from Page 8)

1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

[illegible]

1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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Bating Rate Notes

Contract	Crusier	Mid	Askd	Esper/Wm cr/Mat.	Covered
100% 10/1	3.2	99.0	100.0	LYCS 25-27	100%
100% 10/2	3.28	99.0	100.0	LYCS 25-27	100%
100% 10/3	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/4	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/5	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/6	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/7	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/8	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/9	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/10	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/11	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/12	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/13	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/14	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/15	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/16	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/17	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/18	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/19	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/20	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/21	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/22	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/23	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/24	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/25	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/26	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/27	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/28	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/29	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/30	3.3	99.0	100.0	LYCS 25-27	100%
100% 10/31	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/1	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/2	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/3	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/4	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/5	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/6	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/7	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/8	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/9	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/10	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/11	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/12	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/13	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/14	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/15	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/16	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/17	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/18	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/19	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/20	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/21	3.3	99.0	100.0	LYCS 25-27	100%
100% 11/22	3.3	99.0	100.0	LYCS 25-27	100%

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a — amount of dividend
 b — amount of dividend paid to stockholder
 c — amount of dividend paid to stockholder
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 h — amount of dividend paid to stockholder
 i — amount of dividend paid to stockholder
 j — amount of dividend paid to stockholder
 k — amount of dividend paid to stockholder
 l — amount of dividend paid to stockholder
 m — amount of dividend paid to stockholder
 n — amount of dividend paid to stockholder
 o — amount of dividend paid to stockholder
 p — amount of dividend paid to stockholder
 q — amount of dividend paid to stockholder
 r — amount of dividend paid to stockholder
 s — amount of dividend paid to stockholder
 t — amount of dividend paid to stockholder
 u — amount of dividend paid to stockholder
 v — amount of dividend paid to stockholder
 w — amount of dividend paid to stockholder
 x — amount of dividend paid to stockholder
 y — amount of dividend paid to stockholder
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U.S. Futures Prices

	Open	High	Low	Settle	Chg.		Open	High	Low	Settle	Chg.
Food											
WHEAT											
Dec. 220.00											
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153	Revenue	22.0	2,516	1992	AT&T	Adm. Serv.	721.00
154	Net Inc.	2.0	232	1992	AT&T	3 months	771.00
155	Pf. Share	5.4	643	1992	AT&T	6 months	771.00
156	Div.	1.0	122	1992	AT&T	9 months	771.00
157	Revenue	6.6	630	1992	AT&T	12 months	771.00
158	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
159	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
160	Div.	1.0	102	1992	AT&T	9 months	771.00
161	Revenue	6.6	630	1992	AT&T	12 months	771.00
162	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
163	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
164	Div.	1.0	102	1992	AT&T	9 months	771.00
165	Revenue	6.6	630	1992	AT&T	12 months	771.00
166	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
167	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
168	Div.	1.0	102	1992	AT&T	9 months	771.00
169	Revenue	6.6	630	1992	AT&T	12 months	771.00
170	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
171	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
172	Div.	1.0	102	1992	AT&T	9 months	771.00
173	Revenue	6.6	630	1992	AT&T	12 months	771.00
174	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
175	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
176	Div.	1.0	102	1992	AT&T	9 months	771.00
177	Revenue	6.6	630	1992	AT&T	12 months	771.00
178	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
179	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
180	Div.	1.0	102	1992	AT&T	9 months	771.00
181	Revenue	6.6	630	1992	AT&T	12 months	771.00
182	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
183	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
184	Div.	1.0	102	1992	AT&T	9 months	771.00
185	Revenue	6.6	630	1992	AT&T	12 months	771.00
186	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
187	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
188	Div.	1.0	102	1992	AT&T	9 months	771.00
189	Revenue	6.6	630	1992	AT&T	12 months	771.00
190	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
191	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
192	Div.	1.0	102	1992	AT&T	9 months	771.00
193	Revenue	6.6	630	1992	AT&T	12 months	771.00
194	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
195	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
196	Div.	1.0	102	1992	AT&T	9 months	771.00
197	Revenue	6.6	630	1992	AT&T	12 months	771.00
198	Net Inc.	1.0	102	1992	AT&T	3 months	771.00
199	Pf. Share	4.4	430	1992	AT&T	6 months	771.00
200	Div.	1.0	102	1992	AT&T	9 months	771.00

Jan. 31		Ores High Low Sells	
FRENCH FRANK			
Star Frank 1 point ounce \$4.00			
Dec.	11575	11525	11560 11
Nov.	11560	11510	11535 11
Oct.	11560	11510	11535 11
Sept.	11560	11510	11535 11
Aug.	11560	11510	11535 11
Jul.	11560	11510	11535 11
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IBH Unit Gives Files to Probate

Restored

HANNOVER, West Ger.— Local public probate searched the offices Tuesday of subsidiaries of IBH Holdings according to the Hanomag IBH.

It said the searches were connected with investigations in major offices of IBH, which was the largest construction company in the world moved into bankruptcy at the end of last year.

Hanomag's offices in Hannover were searched and officials of the company handed over documents to the authorities. A statement to the company said the search did not harm negotiations on the sale of Hanomag, which is expected mainly to file for bankruptcy protection to a probable takeover.

DEVOTE-HOLBEIN U.S. NATIONAL

Bd Int'l Service Adm'd U.S.A.

An of January 27, 1964

PERSON, MELBORING & PERSONSON

Hennepin 214, 1015 BS ASBESTO

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Phone 61 20-2118, TEAS 12

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Satellite Plans Satellite

WASHINGTON (W.P.)— Hewlett-Packard announced a joint venture to begin a new satellite service to allow companies to connect Hewlett's computer network with their own. A major shift in their market philosophy, the product line manager for the company to offer its customers these services that now must often be widely considered a market niche system, which Hewlett-Packard California-based satellite companies the on-site installation of a

Adds Satellite New

WASHINGTON (AP)— Satellite Business Systems (SBS) has announced a new business service that will allow telephone users to make long-distance calls on a single satellite network. The service is similar to many services currently offered by SBS to large corporations and is expected to be available in the near future. SBS Skyline Network is a broader market segment. It is a partnership of Communications Satellite & Casualty that operates an

MOSSON Gets \$8.6-Mill

NEW YORK (Reuters)— L.M. Ericsson, a Swedish company, said Pakistan's telecommunications owners with Ericsson for building systems. Total value of the contract is \$8.6 million.

and may Sign Pact Soon

By the Staff From Despatcher

RU — Nissan Motor Co. has agreed with Britain to begin a week to build a car in Britain. Nissan officials said Tuesday.

Nissan's president, Takahashi, was due to leave for London, a Nissan spokesman has declined to give reasons. The Japanese press reported an announcement was made in London Wednesday.

A signed plan, disclosed in London, called for construction of a second car assembly plant in Britain with an output of 70,000 cars a year.

strong work force. The unions said Nissan refused to launch a smaller plant, which would assemble 10,000 to 30,000 cars a year. A work force of about 1,000 would start in 1985.

Some spokesmen declined to say if Japanese representatives at Nissan's management council union objections to the plan by agreeing to a commitment to about 20,000 (SPLT) million) from 1985. (UPI, Reuters)

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UNITED ASSURANCE PUBLIC LIMITED COMPANY (CDA)

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BUSINESS BRIEFS

British Recovery Gaining Momentum

As Orders and Output Grow, CBI Says

LONDON (Reuters) — Britain's economic recovery is gathering pace, with output and new orders growing faster than at any time since 1977. In its latest survey of more than 1,700 member companies, the Confederation of British Industry said Tuesday.

The survey, a key indicator of the state of the economy, was the most optimistic in recent years and showed that recovery was becoming less patchy. As a result of the rise in business confidence, the survey forecast industrial investment would rise by nearly 7 percent this year, the first increase for five years.

However, it warned that British goods were still not competitive abroad and said there are signs that companies will raise prices more readily in the months ahead, mainly to counter higher costs for raw materials.

Apple Reorganizes Product Divisions

NEW YORK (NYT) — Apple Computer Inc. said it is reorganizing its product lines into three divisions.

Under the reorganization, the company, based in Cupertino, California, said Monday it would create the Apple II division, which will handle current and future Apple II and Apple III products; the Apple 32 computers, which will handle the Lisa and the newly introduced Macintosh printers, keyboards and other peripheral equipment.

Apple Inc. recently reported sharply lower profits for its fiscal first quarter, citing price cuts for the Apple II, increased spending on research and higher marketing costs.

Dr Pepper to Sell Canada Dry Division

DALLAS (UPI) — Dr Pepper Co. intends to sell its Canada Dry division after the soft drink company's takeover by a New York investment firm, a Dr Pepper spokesman said Tuesday.

The spokesman said proxy papers filed in connection with Dr Pepper's planned sale to Forstmann Little & Co. outlined the plan to sell Canada Dry and its properties. He said discussions concerning Canada Dry had been held with several parties but were only in the preliminary stages.

Dr Pepper acquired Canada Dry two years ago for \$143 million. The current price has been placed at \$175 million to \$200 million, Dr Pepper holders will consider the Forstmann Little offer at a Feb. 28 meeting. The transaction, valued at more than \$647 million, needs approval of two-thirds of its holders, who would receive about \$22 a share.

Cocoa Exporters' Proposal Studied

LONDON (AP) — Talks between cocoa importing and exporting nations on a new international cocoa agreement, which resumed here Monday, are expected to concentrate on a proposal put forward by exporters.

The proposal, which was presented by Ghana last week on behalf of all exporters, calls for a new pact to use a combination of buffer stock purchases and export quotas to stabilize prices within an agreed range. The present cocoa agreement relies only on a buffer stock to regulate the market.

Hewlett Plans Satellite Data Venture

WASHINGTON (WP) — Hewlett-Packard Corp. said on Tuesday that it had formed a joint venture to begin marketing a high-speed data communications satellite service to allow customers to bypass the phone system and to connect Hewlett's computers nationwide.

"This is a major shift in our market presence," said Jeff S. Williams, Hewlett-Packard's product line manager for the new service. He said it will enable the company to offer its customers a wide range of telecommunications services they now must obtain from several suppliers. Hewlett is not widely considered a marketer of office systems.

The satellite system, which Hewlett-Packard will jointly market with Vtelink, a California-based satellite company partly owned by Western Union, requires the on-site installation of a satellite dish.

SBS Adds Satellite Network Service

WASHINGTON (AP) — Satellite Business Systems has announced that it is starting a new business service that would allow corporations to place all their telephone voice, data, electronic mail and video teleconferencing traffic on a single satellite network.

The service is similar in many respects to the type of private network service now offered by SBS to large corporations that wish to have satellite Earth stations at their offices. The company said Monday that the new service, dubbed SBS Skyline Network Service, or SNS, should "appeal to a broader market segment."

SBS is a partnership of Communications Satellite Corp., IBM and Aetna Life & Casualty that operates an advanced, high-speed satellite communications network.

Ericsson Gets \$8.6-Million Order

NEW YORK (Reuters) — L.M. Ericsson, the big Swedish telecommunications company, said Pakistan's telegraph and telephone department placed two new orders with Ericsson for delivery of its fully digital Axi switching systems. Total value of the two contracts exceeds \$8.6 million, Ericsson said here.

Nissan May Sign U.K. Pact Soon

Compiled by Our Staff From Dispatches

TOKYO — Nissan Motor Co. will sign an agreement with Britain probably within a week to build a car plant in Britain, Nissan officials indicated Tuesday.

The company's president, Takashi Ishihara, was due to leave for London Tuesday, a Nissan spokesman said, but he declined to give the reason. The Japanese press reported that an announcement was expected from London Wednesday.

The original plan, disclosed in 1981, called for construction of a fully equipped car assembly plant with an annual output of 200,000 cars and a 5,000-strong work force. But press reports said Nissan recently decided to launch a smaller plant initially, which would assemble only 24,000 to 30,000 cars a year with a work force of about 1,000. Production would start in autumn 1985.

The Nissan spokesman declined to comment on Japanese press reports that Nissan's management had overcome union objections to its original plan by agreeing to reduce its investment to about 20 billion yen (\$98.07 million) from 150 billion yen. (UPI, Reuters)

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The undersigned announces that on 6th February 1984 at K&N Associates N.V., Spoorstraat 172, Amsterdam, div. op. no. 22 of the CDRs Phoenix Assurance Public Limited Company each rep. 50 shares will be payable with Dfls. 16.98 (re interim dividend for the year ending 31.12.1983 7.40 p. per share). Tax credit 21.6285 = 10% of 21.6285.

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AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 29th January, 1984.

Houston Natural Gas May Plan Coastal Bid

By Robert J. Cole

New York Times Service

NEW YORK — Wall Street professionals say they have heard that Houston Natural Gas Corp., a takeover target of Coastal Corp., may be considering a bid for Coastal among possible defensive steps.

Such a bid would be extremely difficult, they said, particularly because Coastal has introduced provisions — "shark repellents" in Wall Street jargon — to fight off any hostile bidder. But they said Monday that unconfirmed reports were circulating that Houston Natural Gas might be willing to pay about \$50 a share for Coastal stock.

At that price, Coastal's 20.84 million shares outstanding would be valued at more than \$1 billion.

Some of the tactics that could be used to fend off Coastal might take too much time, investment bankers said, but they suggested that Houston Natural Gas might quickly arrange to purchase some company for, say, \$500 million in stock, thus making acquisition of itself much more expensive for Coastal. Acquiring Houston Natural Gas might also create an antitrust problem for Coastal.

Coastal already owns 2.08 million shares, or 5 percent, of Houston Natural Gas. Last Friday Coastal offered \$68 a share for 18.75 million additional shares, which would cost nearly \$1.3 billion. The combined blocks would give Coastal 50.7 percent and thus control of the company.

Some professionals said they were concerned that Coastal might not be as serious about taking over Houston Natural Gas as they originally thought. The professionals, already heavy buyers of Houston Natural Gas stock in hopes of selling it to Coastal, said Coastal might be willing to sell back its stock to Houston Natural Gas for a quick profit. That would tend to depress the market value of the stock.

Because of the sharp run-up in Houston Natural Gas shares last week, Coastal may already have a \$30-million paper profit on its 5-percent stake in the company.

Houston Natural Gas stock rose \$14.625 a share on the New York Stock Exchange last week, to \$59.875. On Monday, the stock gave way to the rumors by sliding \$3.50 a share, to \$56.375.

Intel Swamped by Surging Demand

(Continued from Page 9)

uses a chip manufactured only by Intel, is having trouble with supplies. "What was committed is being delivered reliably," said Allen H. Michels, Convergent's president. "But we could sure use a lot more."

William H. Davidson, Intel's senior vice president for marketing and sales, acknowledged that most of Intel's customers would be happy with bigger shipments.

"If you give everybody 80 percent of what they need, it makes people uncomfortable," he said. But if Intel accepted more customers, it would mean "giving everybody 30 percent."

Mr. Davidson estimated that the Intel-designed 8088 is part of about three-fourths of all personal computers being made today.

More than a million units, with Intel's 8088 architecture, were shipped in 1983, according to Mel Thomson, a microprocessor analyst with Dataquest Inc. in San Jose, California, from such concerns as Hewlett-Packard, Eagle, Compaq and Hyperion.

The 8088 microprocessor is made by at least a half-dozen other companies, including Advanced Micro Devices Inc., Fujitsu and Nippon Electric Co. Japanese microprocessor producers are also flush with orders and have not been able to gain much, if any, increased share of the U.S. market during this economic rebound.

The turnaround has meant better earnings results for makers of semiconductors. Intel and Advanced Micro Devices, another Silicon Valley company, considered two of the leading makers of specialty microprocessors and memories, recently reported huge profit increases, with Intel up nearly six times the figure for 1982's last quarter, to \$47.1 million.

Andrew S. Grove, Intel's president, said: "This recovery, especially in the new product area, has been substantially stronger than anything we've had before. We couldn't see this day coming."

The policy to limit the customers it serves was "one of the most painful things we've ever done," Mr. Davidson said. It lowered morale among Intel's sales staff, he said, because they were forced to turn away business that many other semiconductor makers were willing to accept. "They are feeding better about it now," he said.

Mr. Grove considered a tough manager by Silicon Valley standards, termed the plan one of Intel's "achievements of the year." He said it sharply reduced shipment delays that inevitably would have dropped up, angering customers, if Intel had kept the door open.

Still, some purchasing managers will not take no for an answer. One Japanese company, which Mr. Davidson declined to identify, offered what amounted to an "extreme" bribe to place an order with Intel, but was turned away, he said.

Mr. Davidson said, however, that the customers who developed products over the last few years that are designed around Intel microprocessors and memories are getting most of what they need today to build them.

He stressed that Intel's established customers indirectly paid for the research that created the 8088. It is only fair, he concluded, that they were given favored treatment as supplies tightened.

Mr. Grove said: "IBM is getting the deal our largest customer should get. The fact that they are our largest shareholder is irrelevant."

Steven Quigley, an IBM spokesman, said: "We get no special treatment compared with any other company that does a similar volume of business with Intel."

Mr. Grove said that IBM's investment in Intel a year ago helped the company step up its research and product development.

Intel is spending \$350 million this year, or 20 percent of sales, on new plants and equipment, plus another \$200 million on research. A plant opening in March, in Albuquerque, New Mexico, for in-

Iraq and Jordan Said to Agree On Oil Pipeline

Reuters

AMMAN, Jordan — Jordan and Iraq have agreed to build a pipeline to carry crude oil from Iraq to Jordan's Red Sea port of Aqaba, a Jordanian newspaper reported Tuesday.

The newspaper, al-Rai, said the agreement was reached last week during the visit of Iraq's deputy prime minister, Taha Yasin Ramadan, to Amman. It said the project would cost \$1 billion and would include a refinery at Aqaba.

Aqaba has become a major outlet for Iraq since the outbreak of the Iraq-Iran war three years ago closed Iraqi ports in the Gulf.

Last October, President Saddam Hussein said Iraq expected a pipeline from its southern fields to Saudi Arabia to be completed within six to 12 months. He also said that Saudi Arabia had agreed to allow Iraq to build a pipeline across Saudi territory to the Red Sea, though this project could take several years.

Japan Says Current Account Surplus Tripled in 1983, Setting New Record

Compiled by Our Staff From Dispatches

TOKYO — Japan posted a record current account surplus of \$21.02 billion in 1983, more than three times the figure for 1982, the Finance Ministry said Tuesday.

Soaring exports and a decline in imports of crude oil, Japan's single largest import, led to the 1983 surplus eclipsing the previous record of \$16.53 billion in 1978, the ministry said.

The current account surplus in 1982 was \$6.85 billion.

Japan's overall merchandise trade surplus also came to an all-time high of \$31.65 billion, the ministry said. This was up sharply from \$18.08 billion in 1982, and shattered the previous record of \$24.6 billion in 1982, it added.

It attributed the surge to a 5.6-percent rise in exports and a 4.9-percent decline in imports.

The ministry reported earlier this month that the largest trade surplus last year was recorded with the United States and amounted to \$18.13 billion.

The U.S. Commerce Department last Friday, however, put the U.S. trade deficit with Japan at \$21.66 billion in 1983, exceeding the \$20-billion mark for the first time.

The figures seem certain to increase pressure on Japan in talks with major trading partners next month to open its market further to imports and to maintain existing limits on certain exports.

The current account is a broad trade measure that includes merchandise as well as non-merchandise items such as services. Japan's traditional deficit in non-merchandise items reflects a long-standing policy of favoring domestic production, even at the expense of licensing or royalty fees, over importing finished goods.

There was a deficit on non-merchandise items of \$9.06 billion,

down slightly from \$9.85 billion a year ago, the ministry said.

The massive current account surplus carried Japan's overall balance of payments to a surplus of \$5.18 billion in 1983, swinging back from a deficit of \$4.97 billion in 1982.

In December, Japan's current account surplus surged to a record \$3.31 billion, up from \$1.71 billion in the previous December and \$868 million in November, the ministry reported. The previous monthly record of \$2.85 billion was set in July.

July, November and December 1983 had the three largest monthly current account surpluses ever, the ministry said.

Exports rose in 1983 to \$145.43 billion from \$137.66 billion the previous year. Imports dropped to

\$113.78 billion in 1983 from \$119.58 billion in 1982, largely due to lower prices for imported oil.

The 5.6-percent rise in exports contrasted to a 7.9-percent drop in exports in 1982, which was the first decline in Japan's exports in 30 years.

Meanwhile, officials in the prime minister's office said that Japan's unemployment rate rose from 2.4 percent in 1982 to 2.6 percent last year, the highest level since the government began compiling such statistics in 1953.

They said the major cause of the high level of unemployment, which averaged 1.56 million people last year, was the long recession, despite a pick-up in the economy.

(AP, Reuters)

GOVERNMENT OF THE REPUBLIC OF MALDIVES

Malé Water Supply and Sewerage Project

Prequalification of Contractors

Applications are invited from suitably experienced contractors to pre-qualify as tenderers for the above project which will be funded jointly by the Government of the Republic of Maldives, European Economic Community, Kreditanstalt für Wiederaufbau and Saudi Fund for Development.

Principal features of the project are an integrated rainwater collection scheme and a piped sewerage system for the island's 40,000 population.

Interested firms may obtain prequalification documents after 14th February 1984 by application to the undersigned and documents should be returned to the same address by 1.00 p.m. on Saturday 31 March 1984.

Minister of Health
MALÉ
Republic of Maldives

New Issue
February, 1984

All of these securities having been placed, this announcement appears for purposes of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D.C.

U.S. \$ 200,000,000
11 3/4 % U.S. Dollar Notes of 1984, due 1989



Deutsche Bank Aktiengesellschaft	Credit Suisse First Boston Limited	
Algemene Bank Nederland N.V.	Banque Nationale de Paris	Banque Paribas
Daiwa Europe Limited	Goldman Sachs International Corp.	Merrill Lynch International & Co.
Morgan Guaranty Ltd	Morgan Stanley International	Orion Royal Bank Limited
Salomon Brothers International	Société Générale de Banque S.A.	Swiss Bank Corporation International Limited
Union Bank of Switzerland (Securities) Limited	S.G. Warburg & Co. Ltd.	

Amro International Limited	Arnhold and S. Bleichroeder, Inc.	Atlantic Capital Corporation
Baden-Württembergische Bank Aktiengesellschaft	Julius Baer International Limited	Banca Commerciale Italiana
Banca del Gottardo	Banco di Roma	Bank of America International Limited
Bank Gutzwiller, Kurz, Bungeer (Overseas) Limited	Bank Leu International Ltd.	Bank Mees & Hope NV
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Banque Internationale à Luxembourg S.A.	Banque de Neufville, Schumberger, Mallet	Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne	Banque Worms	Barclays Merchant Bank Limited
Baring Brothers & Co., Limited	Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft	Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft	Berliner Bank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank
Blyth Eastman Pease Webber International Limited	Cazenove & Co.	Chase Manhattan Limited
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Crédit Lyonnais	Crédit du Nord	Creditanstalt-Bankverein
Delbrück & Co.	Deutsche Girozentrale	DG Bank
Dillon, Read Overseas Corporation	Deutsche Kommersbank - Domestic Securities Ames Limited	Deutsche Genossenschaftsbank
Dresdner Bank	Effectenbank-Warburg Aktiengesellschaft	Dresdner Bank Aktiengesellschaft
Eurobank	European Banking Company Limited	Enskilda Securities
Genossenschaftliche Zentralbank AG, Vienna	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft	Estadística Enskilda Limited
Georg Hasek & Sohn Bankiers Kommanditgesellschaft auf Aktien	Hessische Landesbank - Girozentrale - Industriebank von Japan (Deutschland) Aktiengesellschaft	First Chicago Limited
E.F. Hutton International Inc.	Kleinwort, Benson	Hendros Bank Limited
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HT 1/2

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Tax allowances

Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 12)

Stock	Div.	Yld.	PE	High	Low	3m	Net
APC	1.20	12.00	10.00	10.00	10.00	10.00	10.00
APC	1.20	12.00	10.00	10.00	10.00	10.00	10.00
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APC	1.20	12.00	10.00	10.00	10.00	10.00	10.00

Over-the-Counter

Jan. 31

NASDAQ National Market Prices

Sales in 100s High Low 3m Net

100s High Low 3m Net

100s High Low 3m Net

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Hong Kong Property Market Hints of Recovery

By Dinah Lee

International Herald Tribune

HONG KONG — After two years of recession and a number of bankruptcies in the property market, some local real estate agents and brokers in Hong Kong say that the worst may soon be over.

A recent land auction was widely viewed here as an indication of a possible recovery. Five government lots drew favorable bids from leading developers. According to one government land agent, Bob Pope, the prices were the highest seen in the last two years.

The hope that the ailing property market will soon bottom out is expressed in a report by analysts of Zotte and Bevan that predicts that 1984 will bring "the start of a slow turnaround." They foresee recovery starting in the industrial sector, particularly in Kwun Tong and Kowloon Bay on the peninsula side of the harbor, and on Victoria Island.

The Hang Seng Bank reported last week that "the latest private residential property cycle, as defined in terms of activity, has already reached its trough." But it also warned that even though traditional indications pointed to an upturn, current interest rates and housing prices relative to household income kept demand for new housing mostly limited to small apartments.

Not until 1985, in the bank's

opinion, will the supply and demand of private sector housing return to a balance from the record-high level of vacancies in 1982 and last year.

The Hong Kong property market went into a tailspin in mid-1981, after an unprecedented surge in rents and values from 1977 to 1979. That was followed by a construction boom, particularly in the residential and office markets. Land speculation was rife and, in the shakeout that coincided with a crisis of confidence during the British prime minister's visit to Beijing and Hong Kong in September 1982, a number of high-flying firms became insolvent.

While other sectors of the local economy, notably manufacturing, have since revived on the back of a U.S.-led recovery in exports, property values have remained depressed. The full extent to which some speculative ventures mixed private and public investment was underlined by the collapse of Carian Investments Ltd., with an estimated debt of \$1.2 billion. More than 50 creditors, many of them leading regional banks, lent funds to Carian, which turned out to be a flimsy empire of hundreds of companies consisting of little more than paper.

Some of the survivors of the property debacle were on hand at the Jan. 18 government auction to participate in the bidding, including representatives of Sun Hung Kai Properties, New World Development, Wah Kwong Properties and Cheung Kong Holdings.

De Zoete and Bevan's analysts observe in the movement of stock prices that some companies like Sun Hung Kai Properties, Swire Properties and Hutchison Whampoa, the healthiest company in the sector, are already forming a base in the equity market from which to stage a recovery. Property assets account for about 70 percent of the Hang Seng index of the local stock market.

Companies with big office developments, like Hongkong Land and Hang Lung, are likely to remain depressed for some time, the report said. However, Hongkong Land has made impressive moves under its new chairman, David Davies, to reduce its debt, which tripled in the 1982 property collapse. The company debt is expected to peak at 17 billion Hong Kong dollars (U.S. \$2.18 billion) in several years' time.

Current Hongkong Land debt is about 12 billion dollars, against which it will apply 860 million dollars earned in the recent sale of shares in the associated company Jardine Matheson. Hongkong Land also recently obtained a 2.5-billion-dollar standby credit in a move to reassure lenders it can pay its short-term debt.

The recovery of the property market will probably be patchy for the next year, local real estate agents say. Confidence can always

be damaged by further insolvencies resulting from the credit spree of a few years ago. This month a well-known local property firm, Good-year Estates, with projects in China as well as Hong Kong, went into liquidation as a result of irrecoverable debts of 380 million dollars owed to Goodyear Estates by its major shareholder, Goodyear Investments.

Also in January, Everbright Industrial Co., a new company with strong injections of capital from Beijing, announced its one-billion-dollar purchase of part of a residential development owned by International City Holdings.

This was read by some local bankers as an attempt by Beijing to bolster signs of renewed interest in property. Everbright's chairman, Wang Guangying, reinforced this impression by saying: "I am here to do business, but I would like to do something for Hong Kong's stability and prosperity too." Although the investment was touted as the largest ever made by the young company, and also the largest recently made by anyone in the property market, it was later learned that Everbright had actually committed only a fraction of the price as a downpayment.

The next test of the strength of expected recovery will be the government's Feb. 15 auction of the centrally located Admiralty II site. During the height of the property boom, government officials thought that Admiralty II might earn a 1.8-billion-dollar premium.

Now, the government's stated floor price is 300 million dollars, a small figure compared to this year's projected government deficit of 3.2 billion dollars.

Bankers Shun Philippines Lending

Reuters

MANILA — Foreign banks regard the Philippines as a high-risk area and have stopped lending to offshore banks here even though they are not covered by a moratorium on repayment of foreign debts that took effect in mid-January, bankers and brokers said Tuesday.

They said the problem was made worse by Citibank's announcement last month in New York that it could not pay maturing dollar deposits at its Manila branch because it was licensed as a foreign currency deposit unit in the Philippines and covered by the moratorium.

As a result, deposits with Citibank's Manila branch, estimated at up to \$1 billion, have been frozen.

Eugene Jesudason, president of Synergy International money brokers, said, "We cannot raise funds from anywhere in the world now. Our business is down to zero from about \$50 million a month before the Citibank announcement."

Like the first moratorium, the second 90-day suspension of debt payments is only applicable to domestic banks. Offshore units are free to operate but foreign banks are still reluctant to deal with them, Mr. Jesudason said.

The chief executive of one offshore bank said overseas banks are not taking any chances. "Overseas banks are reluctant to lend because they say a big bank like the Citibank is not paying so we are not lending to the Philippines at all," he said.

He is optimistic the problem will be resolved soon, although other bankers said the cautious attitude of foreign banks will probably outlast the moratorium.

The head of an Asian bank with large exposure in the Philippines said "overseas banks' dealing with Citibank showed it was risky to lend funds into the Philippines although the offshore units here are

themselves regarded as foreign banks."

He said that before the moratorium it was easy to raise funds in the interbank market. However, after the moratorium it took a couple of months to convince banks that offshore units were not covered.

Borrowing then became easier, but the Citibank case has since frightened lenders, he added.

Japanese banks are believed to be among those with heavy exposure to Citibank in Manila, banking sources said.

Gold Options (prices in \$/oz.)

Price Feb. 1984 May 1984 Aug. 1984

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SPORTS

Soccer Payoff Scandal in France
Snares a Prince, But No Paupers

International Herald Tribune
LONDON — Call Michel Platini. Call Michel Platini. Call Michel Platini. Will his royal highness, the prince of soccer, please take the stand to answer the charge that he did, between 1977 and 1981, accept illegal payments from the club A.S. St. Etienne?

Silence fell on the Lyon court room, where France's version of the soccer scandal of modern times began a week ago. The former president and vice-president of the former omnipotent Gallic club are in jail awaiting trial for operating a 20-million franc (\$2.33-million) slush fund. Famous players have been sworn in and released on bail. But would the prince come?

First reports suggested Platini was "unable to attend." Judge Patrick Desmurs, aware no doubt how much Juventus of Italy depend on the European player of the year, made it known that an hour of Platini's time was still rather important to the French judiciary.

And so a clandestine hearing was arranged. A private Cessna jet touched down on the outskirts of Lyon; a sleek motor car sped to a private office at the rear of the Palais de Justice; and after judge and superstar had had their meeting, Platini's escape back to Italy (there to score Juventus' point-saving goal in Naples on Sunday) was effected with the media hounds in angry pursuit.

Justice may not have been seen to be done, but neither was Desmurs' court the circus it might have been.

Presumably we shall be told later exactly what was wanted of Platini. Meanwhile, the drums will roll and the spotlight fall more welcomingly on Platini's next expected homecoming — to lead France's friendly international against the English on Feb. 29. You can guess where that will be: Parc des Princes.

And why not? Platini, as well as other one-time St. Etienne national heroes Jean-François Larios, Bernard Lacombe, Christian Lopez and Gerard Janvion are innocents (as all players always are) caught up in rich men's devious games.

That, at any rate, is the implication of the usually so dignified French national team manager, Michel Hidalgo. "The charges are ridiculous," he says. "The players are more like victims than a guilty party. When they sign a contract with a club, they don't ask where the money comes from."

No, but they have since found that they are expected to pay taxes on even surreptitious bonuses. And, since the tax collector has had his pound of flesh and heavy fines to boot, the players' fate is likely to be no more than perhaps more fines and public warnings.

Roger Rocher, however, knows that for him and his cohorts, the one-time directors at St. Etienne, the future is bleaker. Ever since Rocher, the former club chairman, brought his bitter personal feuds into the open by declaring he would name names of all who benefited from his slush fund, the pro-

pects of him and others going to prison for up to five years has grown.

Rocher lost power at the club. He went to the police with a list of those implicated in running the fund from undisclosed income at St. Etienne.

ROB HUGHES

St. Etienne. And prison cell walls now remind him daily of where the consequences will most heavily settle in the end.

Soccer's attitude, no doubt, was summed up in the admission of Larios in 1982: "I'm not the only one. This sort of thing goes on throughout the game."

Justice of another kind has settled in West Germany. There the 18 Bundesliga clubs have commissioned a market research company to determine why crowds have slumped to the lowest in a decade; why two million spectators have deserted the game over the past five years.

The clubs, \$14 million in debt, should save their Deutsch marks. The answers are loud and clear: Quality players have left West Germany, as everywhere, for the Italian honey-pot; play is stagnating with tactical stalemate; a major bribery scandal 10 years ago is not forgotten, and neither is the cynical disregard West Germany displayed for the laws and spirit of the game at the 1982 World Cup.

The apparently arranged match against Austria and the callous foul by goalkeeper Harald Schumacher on the Frenchman Patrick Battiston symbolized what decent West German fans turn away from. Schumacher came face to face with Cologne supporters recently in a public player-meets-fans session.

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"Why," one supporter asked him, "are you so arrogant?"

"It is," asked another, "that because you earn so much money you care so little about what happens in the stadium?"

Schumacher, whose self-image is of the great entertainer, vowed afterwards he will never again attend such an "inquisition" where there are "malicious and aggressive" so-called fans. He is no longer surprised that Paul Breitner retired at 31, citing among other reasons "I'm no longer prepared to be called swine by eight-year-old fans."

Does the Bundesliga really need market research polls to test the murky waters of the alienation between fans and bloated star players?

If they do, I suggest they direct them to the crowded arenas of Italy. I spent a second weekend with Sampdoria in Genoa and, though victory over bottom-placed Catania was utterly one-sided, reasons about why Italians are returning in millions while other countries are losing their supporters abound.

First, after years of defensive neurosis, soccer is beginning to bloom again. Such imported artists as Platini, Zico for Udinese, Brady for Sampdoria and Falcao for Roma are like strong wine to Latins who adore the star syndrome.

No gimmicks, no pre-match Americanized nonsense of Disneyland lures the spectators, just the opportunity to see a master craftsman or two ply his trade. And, having been starved for so long, the Italians wait for the moment.

They also, from my recent visit to the stadium, are as welcomed in more Teutonic climes. Yet for all the billions of lire for all the mist, trust we are entitled to maintain of Italian soccer; the spectacle is freer there now than I ever remember.



Michel Platini... too rich a diet for a Lyon judge.

players seem in the main to accept decisions as if they are starting down the barrels of a Carabinieri gun.

Not always, of course. For as we know only too well, whiffs of scandal and intrigue are as welcomed by the Latins as they are despised in more Teutonic climes. Yet for all the billions of lire for all the mist, trust we are entitled to maintain of Italian soccer; the spectacle is freer there now than I ever remember.

Finally, a little belated justice was delivered in Bilbao on Sunday where Diego Maradona delivered two goals to give Barcelona victory over Athletic Bilbao and to avenge, in a purely sporting manner, the wound so horribly inflicted by a Bilbao foul last time they met. Southerners in limb, and soon hopeful, Maradona struck the only proper double blow that is worthy of a superstar.

IOC President Expects Soviet Bloc
To Participate in Los Angeles Games

The Associated Press
SARAJEVO, Yugoslavia —

Juan Antonio Samaranch, the president of the International Olympic Committee, said Tuesday that he was certain the Soviet Union and all other Communist countries would have teams at the Summer Games in Los Angeles this year.

Soviet sports officials as recently as this month refused to commit their athletes to the Los Angeles Games, accusing the U.S. government of interfering with transportation plans, which they said have been approved by the Los Angeles organizing committee.

But Samaranch said at a news conference that he had visited all Communist countries in the last

month "and I can assure you that they are all busy preparing their athletes for Los Angeles."

"Provided the Olympic Charter is observed, I am sure they will be there," he said. "And I am confident the charter will be honored, because we have had a letter from President Reagan giving us that pledge."

Samaranch added that the U.S. government has promised a decision soon on Soviet plans to transport its athletes to Los Angeles in airline charters, "and I hope very much it will be positive."

The question of a Soviet-led boycott of the Los Angeles Games has existed since the United States led three dozen countries in a boycott of

the 1980 Olympics in Moscow to protest Soviet military intervention in Afghanistan.

The boycott surfaced repeatedly Tuesday, as Samaranch addressed reporters gathered for next week's start of the XIV Winter Games.

The IOC president said he was pleased with facilities and preparations in Sarajevo.

Despite the withdrawal of Portugal on Monday, a record 49 countries will compete in the Games. Samaranch said the IOC policy of paying for three athletes from each country, with an additional grant of \$5,000 for each national Olympic committee, had encouraged more countries to send teams to the Games.

From High School to High Praise

Sabres' Housley Named All-Star in 2d Year in NHL

By Malcolm Moran
New York Times Service

EAST RUTHERFORD, New Jersey — The realization did not arrive until the day after the news did. The day that the telephone rang with the news that Phil Housley would play in the National Hockey League All-Star Game, he was not sure what to do. "I was so excited," he said. "Me, at 19, the second year in the NHL..."

It was not until the next day, as he sat at home with a bruised shoulder, that Housley had an opportunity to think about the latest development in his brief professional career. "I was thinking, 'What did I do to be on the all-star team?'" he remembered.

Less than two years removed from South St. Paul (Minnesota) High School, Housley was to represent the Buffalo Sabres on the Prince of Wales Conference team in the 36th annual game Tuesday night.

He is the first defenseman and the second player to go directly from high school to the National Hockey League, and now he has gone to the top. He will be paired with some of the best defensemen in North America. He will face some of the greatest scorers in the world.

That's one thing that scares me," he said.

He knows there are more than a few forwards who are capable of beating a defenseman one-on-one or converting a blind, ill-advised pass. In a game that has been known to produce less than inspiring play, Housley has not been around long enough to learn to go through the motions. "This is a special game," he said.

He can take comfort in the fact that the game will be watched only in North America and that any mistakes will not affect any team standings. Had the circumstances of his career been slightly different, Housley might be in a different type of all-star game that a bigger portion of the world will be watching.

Transition

BASEBALL
American League
CHICAGO — Signed Rudy Lu, outfielder, to a two-year contract, Jerry Dyck, infielder, Steve Mura and Kevin Uicker, pitchers, all to one-year contracts.

CLEVELAND — Extended the contract of Pat Corcoran, manager, for two years. **DETROIT** — Signed John Martin, pitcher, to a one-year contract.

NATIONAL LEAGUE
ATLANTA — Signed Mike Williams, outfielder, to a one-year contract. **MONTEBELLO** — Agreed to terms with Jeff Reardon, pitcher, on a four-year contract with an optional fifth year. Terry Franco, outfielder, Bobby Ramos, catcher, and David Palmer, Bob James and Greg Harris, pitchers, on one-year contracts.

NEW YORK — Asked for waivers on Dave Klingman, first baseman, for the purpose of giving him his unconditional release. **FOOTBALL**
CHICAGO — Named Ray Graves regional scout.

HOUSTON — Named Jerry Gagliardi defensive coordinator and Kay Dalton offensive coordinator. **UNITED STATES Football League**
LOS ANGELES — Named Roger Neilson head coach and Ron Van Orman general manager.

VANCOUVER — Signed Frank Corbally, goaltender, to a one-year contract. **WASHTON** — Signed John Kirtsev, linemen, to a one-year contract.

NBA Leaders

Scoring	FT	Pts	Reb
Dantley, Utah	44	49	42
Adams, Dallas	44	32	23
Johnson, San Antonio	44	28	18
Gervin, San Antonio	44	26	18
Freese, Cleveland	44	24	18
Johnson, Detroit	44	24	18
Johnson, Detroit	44	24	18
Johnson, Detroit	44	24	18
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College Basketball Polls

Scoring	FT	Pts	Reb
Dantley, Utah	44	49	42
Adams, Dallas	44	32	23
Johnson, San Antonio	44	28	18
Gervin, San Antonio	44	26	18
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NHL Leaders

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(Continued From Back Page)

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Weinberger Foresees Slower Defense Buildup If Budget Is Approved

The Associated Press
WASHINGTON — Defense Secretary Caspar W. Weinberger promised Congress on Wednesday that the Pentagon budget increases "can begin to slow dramatically" in fiscal 1987 if it allows the Reagan administration to pursue its record military buildup.

Mr. Weinberger, testifying before the Senate Armed Services Committee, asked for \$264.4 billion for fiscal 1985, an increase of 1.5 percent over the 1984 level, and an increase in the year's eventual budget authority to \$305 billion, an increase of 13 percent, not accounting for inflation, over fiscal 1984.

In his testimony and in a 297-page report, Mr. Weinberger contended that "we have made great progress" in restoring the military balance with the Soviet Union. He and Mr. Reagan have blamed previous administrations for allowing the U.S. defense capability to slip.

"Unfortunately, we cannot make up for a decade of neglect in only three years of higher defense budgets," Mr. Weinberger said.

"If we stop in mid-course, we will only endanger the progress we have made in recent years and invite speculation by friends and adversaries alike that the United States can sustain neither its will nor its leadership," he added.

"By the same token, if we are allowed to continue on the path we have set, we can look forward to a time, only two fiscal years from now, when defense increases can begin to slow dramatically."

The defense secretary said the United States has not regained military parity with the Soviet Union.

He said the Soviet buildup of strategic nuclear missile and bomber forces "shows no sign of slowing." He said the Soviet Union had widened its advantage in numbers of conventional weapons "by producing major weapons at rates exceeding those of the United States and its NATO allies combined."

However, Mr. Weinberger insisted that "we have a lot better position now than in 1981" when the Reagan administration came to power.

With much of the Reagan administration program already under way, the fiscal 1985 budget contained no surprises and few significant new elements.

Among other things, the new budget provides for the following items:

- Spending nearly \$1.8 billion on development of an anti-missile defense shield, probably based in space, by the end of the century.

- Forty MX intercontinental ballistic missiles at a cost of just over \$5 billion, \$465.2 million for "aggressive" development of a small, mobile land-based missile with a single warhead, \$226.3 million for development of a satellite-killing weapon, and \$2.2 billion for continued development of an advanced Trident-2 submarine-launched missile.

- Thirty-four 34 new B-1B bombers for \$8.2 billion.

- One more Trident submarine for \$1.8 billion, and 23 new ships and 6 conversions to move the Navy's fleet closer to the 600-warship objective.

- 720 M-1 tanks and 710 armored vehicles from which infantrymen can shoot on the move, plus 252 light armored vehicles for the Marine Corps.

(AP, UPI)

WASHINGTON — President Ronald Reagan's budget request for the 1985 fiscal year includes \$15.2 billion for foreign aid programs, with \$9.3 billion for economic assistance and \$5.9 billion for military aid.

The military aid is earmarked primarily for such nations as Israel, Egypt, El Salvador and Pakistan, which the administration considers of vital strategic importance.

The key feature of the package is a new attempt to convince Congress that most foreign military sales credits, which are the biggest part of security assistance, should be given to some countries either as outright grants or on low-interest terms.

As described by administration officials, the largest individual request — \$1.4 billion for Israel and \$1.1 billion for Egypt — would be granted without requirement for repayment. In the past, Congress has forgiven 50 percent of the military sales credit debts incurred by Israel and Egypt.

With economic aid requests, the proposed totals come to \$22.5 billion for Israel and \$2.17 billion for Egypt. Both are expected to win congressional approval without difficulty.

However, the administration faces a greater problem in winning Congress's approval of the idea that several other countries with



Defense Secretary Caspar W. Weinberger holds a photograph that he says represents the amount of paperwork that the Defense Department submitted to Congress last year.

Reagan's 1985 Foreign Aid Package Includes Grants, Low-Interest Terms

By John M. Goshko

Washington Post Service

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However, the administration faces a greater problem in winning Congress's approval of the idea that several other countries with

financial problems should be given military assistance either at below-market interest rates of 5 percent or, in the case of very poor nations, as nonrepayable grants.

Administration officials said many countries in which the United States has a strategic interest were in such dire financial straits that they could not afford to buy U.S. weaponry at the regular interest rate or, if they did, found their debt problems compounded by the need to repay.

The biggest problems are likely to involve Central America for which, the officials said, Mr. Reagan will ask for an aid package of \$1.3 billion, including \$222 million in military grants, to further his policy of fighting leftist guerrilla movements in the region.

That amounts to almost a tripling of the \$550 million budgeted for Central America in the present fiscal year. In addition to the 1985 request, Mr. Reagan is preparing a supplemental request for fiscal 1984 of \$416 million in economic aid and \$259 million in military aid for Central America.

Administration officials declined to specify how the funds were to be divided among Central American countries. They said the breakdowns would be given by Mr. Reagan, possibly in a speech Friday.

However, it is clear that the major share will be earmarked for El Salvador. The administration's re-

quests for El Salvador are expected to come under fire from congressional critics demanding that Mr. Reagan agree to reimpose a certification requirement tying aid to progress in ending human rights abuses.

The officials revealed that the administration planned to include Guatemala in the six Central American countries scheduled to receive military aid.

Despite the administration's contention that Guatemala faces a growing threat from guerrillas, congressional critics, citing the poor human rights record of the Guatemalan military, have been hostile to the idea of re-establishing military aid.

The officials said Mr. Reagan would ask for \$504 million in economic aid to Central America in fiscal 1985 as the first step toward fulfilling the recommendation by the National Republican Commission on Central America, headed by former Secretary of State Henry A. Kissinger, that the United States contribute \$8.4 billion to Central American development over a five-year period.

■ **EC to Make Loans, Grants**
European Community officials said Wednesday that the community would make loans and grants to developing countries worth about \$42 million for farming and research projects, Reuters reported from Brussels.

'Great Wall of the Sahara' Is Growing: Structure Has Helped Morocco Thwart Polisario Forces

By Henry Kamm

New York Times Service

SMARA, Western Sahara — The Moroccan Army is pushing ever farther into the desert the Great Wall of the Sahara, now more than 400 miles long. It protects part of the territory that Morocco annexed eight years ago by keeping out the Polisario Front guerrillas who are fighting to make the Western Sahara an independent nation.

Officers interviewed at this desert post, which Saharans consider a holy city of Islam, and at a front-line command post to the north said that in a previously unreported battle late in December, Moroccan soldiers killed 100 Polisario guerrillas and captured 200.

Morocco recognizes that it faces a mobile and well-armed enemy and that it cannot, except at great cost, hold the whole of the vast and nearly empty desert that was Spanish Sahara until 1976. Thus, it has built a huge revetment of sand and stone that stretches from the Atlantic Ocean east toward the border of Mauritania and then turns north roughly parallel to the Algerian border.

The no-man's-land between the wall and the borders is the main area of operation of the guerrilla movement, which is based in Algeria and backed by the government there. The Polisario Front has declared the former colony an independent republic; a majority of African countries have recognized it and it has been admitted to the Organization of African Unity.

The wall stands higher than a man and is studded with defensive positions and observation posts from which three-quarters of the Moroccan Army of 140,000 men scan the desert, monitor U.S.-supplied radar and sensors and patrol beyond the barbed wire and mine fields at the wall's approaches in search of guerrillas.

In the deep south of what was the

last European colony on the African continent, another wall rings the town of Dakhla, the former Villa Cisneros. The rest of the territory, more than half its total area, has been left to the gazelles, jackals and hyenas.

The nomad tribes that used to traverse it now live in fixed settlements behind the wall or are confined under Polisario rule around the Algerian desert post of Tindouf.

Late last year, after many months of vain and costly enemy attacks to breach the part of the wall that was completed in the summer of 1982, particularly around Smara, the Moroccan forces began extending the wall.

Officers interviewed during a visit to the battle zone said the objectives were to add to the protected territory and to draw the Polisario into a challenge that would expose a major force to a prepared counterattack from ground and air.

The attack came in the last week of the year. The officers said it came from Mauritania territory about 50 miles (81 kilometers) south of Smara.

The officers said the battle raged for three days before turning into a rout. No independent verification was possible, but the Moroccan Army displayed its spoils of war last week: four Soviet-built tanks and many charred and twisted desert vehicles, rockets, mines, mortars, machine guns, rifles, shells and ammunition.

Colonel Abid Tria, who commands an 85-mile sector of the wall north of Smara from a bunker headquarters, said no Polisario attack had occurred since the battle. The wall, he said, is heading north now, parallel to the Algerian border, and is nearing the important track linking Smara to Hawza in the east.

The Polisario Front declared Hawza, an unpopulated town, the capital of its territory. Colonel Tria

said that when the wall reached the desert track, his forces would push it east, beyond Hawza.

The real war is over, contended Colonel Tria and his fellow officers. The "essential Sahara" — an area containing the capital of El Aaiun, Smara, the phosphate deposits of Bu Craa and the principal coastal settlements of Bojador and Dakhla — is in Moroccan hands. The officers say the rest is empty and will fall to Morocco when the Polisario rebels and their backers give up, and this view is widely echoed in Morocco.

Diplomats and foreign military experts in Morocco agree that at great and undisclosed cost, Morocco, whose average citizen earns \$800 a year, has turned the military tide. Its army is no longer sustaining heavy casualties by exposing units to surprise hit-and-run attacks while stretched thin across the entire Western Sahara. Saudi Arabia and the Gulf countries continue to pay for many of Morocco's military purchases, mainly in the United States and France.

The present Polisario fighting strength is believed to have dwindled to about 3,500 from a maximum of perhaps 8,000. Colonel Moamer Qadhafi of Libya, the Polisario's main donor of arms and equipment, was reported to have reduced the flow after meeting Morocco's King Hassan II last year.

King Hassan has staked his prestige on the emotive issue of what in Morocco is generally considered to be reuniting the national territory, in which many Moroccans also include Mauritania, parts of Algeria and the Spanish enclaves of Ceuta and Melilla. This appears to rule out compromise.

Diplomats in Rabat, the Moroccan capital, believe that the Moroccan Army will have to man the wall, without an end to the effort and expense in sight, and extend to the former colony's limits to make real its claim to all of the Western Sahara.

Leader of Decentralization Campaign in Tanzania Is Reported Arrested

By Denis Herstein

International Herald Tribune

LONDON — Wolfgang Dourado, a lawyer who is leading a movement to loosen Zanzibar's ties with Tanzania, is reported to have been arrested in Zanzibar.

Friends of Mr. Dourado in London said that he was taken away by security officers during the weekend.

There are also unconfirmed reports that other Zanzibaris, as well as the Ghanaian-born attorney general of Zanzibar, Kwaw Sanyal, are under arrest.

The arrest report follows the resignation Sunday of the president of Zanzibar, Sheikh Aboud Mviinyi Jume, after an executive meeting of Tanzania's Revolutionary Party on the mainland town of Dodoma.

Sheikh Jume has also lost his position as vice president of Tanzania and vice chairman of the party.

He is believed to be under house arrest in Dar es Salaam.

The islands of Zanzibar and Pemba merged in 1964 with Tanganyika, a former British colony. Zanzibar was independent for four months before the merger.

Last February, the Revolutionary Party announced plans for the further centralization of the union, and the immediate reaction in Zanzibar and Pemba was that their distinct identity would disappear.

The ensuing debate, on television and radio and in the local press, uncovered a strong secessionist vein.

As chairman of the Zanzibar

Law Reform Commission, Mr. Dourado spoke openly of a new constitution with strong governments on Zanzibar and the mainland and a third, weaker federal Tanzanian government with only residual powers. The proposed constitution would even allow the islands the right to secede from the republic.

When asked two months ago what would happen if the party rejected Zanzibar's proposals, Mr. Dourado said: "We will not make a unilateral declaration of independence. But we will refuse to cooperate with Tanganyika and the whole country will be in chaos."

Another Zanzibari, Ali Hassan Mviinyi, has been named interim president of Zanzibar until a successor for Sheikh Jume is elected.

EC Reaches Fast Accord On '84 Fishing Quotas

Reuters

BRUSSELS — European Community fisheries ministers have agreed on fishing quotas for 1984 and say the accord shows that the bloc's troubled fisheries pact is now operating smoothly.

The policy is working, the European fisheries commissioner, George Cosentino, said Tuesday. "Fishermen can now plan ahead for the whole year."

Agreement came after just one day's debate, a sharp contrast with the two previous years. In 1982, catches were set in December, and 1983 fishing levels were decided retroactively in January 1983.

The new quotas are broadly in line with 1983 levels and were set after disagreements over cod, herring and mackerel catches had been settled.

Ministers signed a common fisheries pact in January 1983 after almost seven years of haggling. But it was largely unused as ministers spent until December fixing long-term shares for herring stocks.

Cod, haddock and whiting catches agreed for 1984 were slightly down from 1983 levels, while mackerel, plaice and saithe quotas were higher. Redfish quotas were unchanged from last year.

The ministers agreed Tuesday a

draft short-term accord with Norway on herring catches, reached late last year. Britain, the Netherlands and Denmark had complained it was too favorable to Oslo.

Ministers also set controversial quotas for cod fishing off Greenland. Despite West German calls for a sharp increase to 75,000 metric tons (82,500 short tons), Denmark won a renewal of the lower 1983 quota of 68,500 metric tons.

Ministers also agreed to a small increase in a 15,000-metric-ton catch off the east of Greenland, split between Denmark, West Germany and Britain.

Greenland, which joined the community in 1973 as part of Danish territory, has voted to pull out of the community. Denmark has been trying to restrict the access of European fishermen to Greenland waters. The Greenland government has said it fears that the community plans to force it to pay for withdrawing by demanding continued large fishing rights.

Former Police Chief Is Target of Mexico's 'Moral Renovation'

By Richard J. Meislin

New York Times Service

MEXICO CITY — In most places, it would have been a rags-to-riches tale of inspiration: A man with a salary of \$65 a week rises to the top and winds up living in palatial homes worth millions, collecting fine wines, elegant cars and thoroughbred racehorses.

But in this case the man in question, Mexico City's former police chief, Arturo Durazo Moreno, was already at the top when he was making \$65 a week. And the amazing wealth he accumulated, unfolding to public view day by day, has stirred strong reaction even among a public long calloused to high-level corruption.

Mr. Durazo left the country soon after the government of President Miguel de la Madrid Hurtado took over in 1982 and has variously been reported to be living in the United States, Canada, Spain, Italy and Puerto Rico. Last week, a Mexico City judge ordered his arrest. Interpol has been asked to trace him, but he has not yet been found.

A common response seems to be a mixture of glee and relief that Mr. Durazo, whose police force was the

most widely despised organ of the previous administration, has fallen victim to the new government's "moral renovation" campaign. Another seems to be resentment that Mr. Durazo's friend and boss, former President José López Portillo, has not.

"Durazo is only one name of corruption, a minor name," wrote Mr. Durazo's former top assistant, José González González, in a recent best-selling book full of allegations against the former chief. "If a police chief could steal 100 billion pesos without it mattering to the president, how much could the imperial family have taken from us during the six-year presidency?"

The estimate of 100 billion pesos (about \$600 million) was Mr. González's and has not been reflected in any official charges.

A Mexico City businessman, referring to Mr. Durazo and earlier fraud charges lodged against the former head of Petróleos Mexicanos, who was also a close friend of President López Portillo, asked, "How long can they keep going after parts of the body without touching the head?"

Mr. Durazo has been accused by

Mexico's chief auditor of having defrauded the government of about \$500,000 by understating the value of various properties he accumulated around the country during his tenure. He is also charged with illegally importing contraband goods and amassing a small stockpile of armaments reserved, under law, for military use. Accusations that he took police property for his personal use and staffed his estates with personal servants disguised as police officers on the public payroll are still under investigation.

In the case of one \$2.5-million estate, just outside Mexico City, the comptroller general said that Mr. Durazo had apparently overlooked the value of the six-bedroom home, gymnasium, discotheque, helipad, man-made lake, private racetrack, shooting range, automobile exhibition hall and casino when calculating the property's worth.

In the case of another property, nicknamed the Parthenon, on the Pacific shore in the town of Zihuatanejo, Mr. Durazo is said by the authorities to have simply appropriated most of the land he needed to build the elaborate estate.

The popular television program,

"24 Hours," recently broadcast an interview with Mr. Durazo, filmed before he left the country, in which the former chief said he received a monthly salary of about \$160 and a bonus of \$30 but acknowledged that he did have some other sources of income.

His former assistant, Mr. González, said Mr. Durazo's other sources of income included extortion, drug running, contraband, protection, robbery and fraud. Mr. Durazo has not been seen or spoken to by journalists or law enforcement officials since the charges were made.

When Mr. López Portillo was preparing to appoint Mr. Durazo as police chief, officials of the U.S. Embassy said that he had been made aware of intelligence reports suggesting that Mr. Durazo had international drug connections. Nevertheless, Mr. López Portillo decided to appoint Mr. Durazo, a longtime friend, who had spent 31 years in the police department, nine of them in the narcotics squad.

That the major charge against Mr. Durazo at the moment is tax fraud has provoked comparisons in the Mexican press with Al Capone.

An official familiar with the investigation said the government was pursuing the tax-fraud angle because it wanted a case it knew it could prove.

Some Mexicans feel that the attention being given to Mr. Durazo's case is diverting attention from other potential targets, such as Mr. López Portillo himself, who is also outside the country, and the leaders of the Mexican oil workers' union, Salvador Barragán Camacho and his adviser, Joaquín Hernández Galicia.

Pursuing the leaders of the oil workers' union, government officials have said, is tricky because of their power to throttle Mexico's major source of foreign funds.

The new president, Mr. de la Madrid, has made the "moral renovation" of the government and Mexican society a cornerstone of his administration. But a government official said that Mr. López Portillo could not be pursued for fear of damaging the authority of the presidency and the Institutional Revolutionary Party, which has led the federal government for 55 consecutive years.

Thatcher Leaving Today For Talks in Hungary

Reuters

LONDON — Prime Minister Margaret Thatcher, in an interview broadcast Wednesday on the eve of her first visit to the Soviet bloc, said greater East-West contact would improve the prospects for arms reductions.

Mrs. Thatcher is to leave Thursday for Hungary on a three-day visit seen by British officials as a step toward mending East-West relations after months of acute superpower tension.

In an interview with the BBC, Mrs. Thatcher said: "I think visiting other countries and their coming to us means we understand one another the better and when you have a better understanding, then I think you have a better chance of achieving reduction in armaments as well."

She said that East and West each had things in which they firmly believed and which they were determined to defend. "But I think," Mrs. Thatcher added, "that many of us feel now that we would very much like to defend our own way of life and keep our own security, but at a very much lower level of weapons and expense."

Government sources said that major international issues would

predominate in the prime minister's talks with Hungarian leaders, who head what officials in London consider the most open of the Warsaw Pact countries. They said Mrs. Thatcher would discuss East-West relations, the Middle East and other world topics in meetings with the Communist Party's first secretary, János Kádár, Prime Minister György Lazar and other Hungarian leaders.

Diplomats of North Atlantic Treaty Organization countries think the visit, the first to Communist Hungary by a British prime minister, would provide an opportunity for Mrs. Thatcher to test Soviet-bloc reaction to a more conciliatory note struck recently by Western leaders.

"Conciliation, rapprochement take two," Mrs. Thatcher said. "You've both got to have the same idea at the same time."

Fahd, Mitterrand to Meet

United Press International
PARIS — King Fahd of Saudi Arabia is to meet Saturday with President François Mitterrand, the Elysée Palace announced Wednesday.



SPACEMEN'S GREETING — The crew for shuttle flight 11 arriving at the Kennedy Space Center in Florida to prepare for Friday's takeoff. They are, from left, Bruce McCandless, Robert L. Gibson, the pilot, Robert L. Stewart, Ronald N. McNair and Vance D. Brand. During the eight-day mission, two astronauts will "free fly" in space.

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18:55 A COUNTRY PRACTICE
19:45 FAMILY
20:35 THE TOMMY HUNTER SHOW
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